

Mahone Bay Community Land Co-operative Ltd.

ARTICLES OF INCORPORATION AND BY-LAWS

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THE CO-OPERATIVE ASSOCIATIONS ACT, R.S., c.98, s.1

**ARTICLES OF INCORPORATION AND BY-LAWS
FOR A NON-PROFIT CO-OPERATIVE
LIMITED BY SHARES**

1. Name:

The name of the Co-operative is the Mahone Bay Community Land Co-operative Ltd.

2. Interpretation

In this Bylaw,

“Act” means the *Co-operative Associations Act, R.S., c. 98*;

“Board” means the Board of Directors of the Co-operative;

“Co-operative” means the *Mahone Bay Community Land Co-operative Ltd.*;

“member” means a person, association, society, partnership, corporation or institution who has subscribed to the articles of incorporation;

“Telephonic or Electronic Meeting” means a board, general, annual general meeting, or special resolution meeting, where the meeting may be held entirely or partially by telephonic or electronic means and members through those means, votes at the meeting or establishes a communications link to the meeting is deemed, for the purpose of the Act, to be present at the meeting.

3. Objectives:

The objectives for the Co-operative are to undertake actions and activities to promote and facilitate the development of affordable, non-market housing in or near the town of Mahone Bay, such as identification and purchase of suitable land and/or buildings and assisting individuals to form a co-operative or co-operatives or other association(s) to own or govern housing.

PROVIDED THAT, if for any reason, the operations of the Co-operative are terminated or wound up or are dissolved and there remains at that time, after satisfaction of all its debts and liabilities, any property whatsoever, the same shall be given and paid to some other non-profit organization in Canada having objects similar to those of the Co-operative;

PROVIDED THAT, the Co-operative shall be carried on without purpose of gain to the members, and that any surplus, or any accretions of the Co-operative shall be used solely for the purpose of the Co-operative, and the promotion of its objects;

PROVIDED THAT, no part of the income of the Co-operative shall be payable to or otherwise available for the personal benefit of any member thereof;

PROVIDED THAT, the directors and officers who are directors shall serve as such without remuneration and shall not receive directly or indirectly any profit from their positions as such;

PROVIDED THAT, a director or officer who is a director may be paid reasonable expenses incurred by him/her in the performance of his/her duties.

4. Liability:

The liability of the members is limited.

5. Registered Office:

(a) The registered office of the Co-operative shall be 232 Main Street, Mahone Bay, Nova Scotia, B0J 2E0

(b) The board of directors may from time to time determine the place or places at which the business of the Co-operative shall be carried on.

6. The Seal:

The seal of the Co-operative shall be such as to make a circular impression having two circles between which are the words "Mahone Bay Community Land Co-operative Ltd." and inside the inner circle the words, "Incorporated 2022"

7. Membership:

(a) To become members of the Co-operative, applicants must be approved by the Board.

(b) To become members of the Co-operative, applicants must be nineteen years or older. The Co-operative may have policies approved by the Board and/or members stating the qualifications that applicants must have.

(c) A register of all members of the Co-operative must be kept. The register must list

(i) the names and addresses of members;

- (ii) the date each person became a member;
- (iii) the date each person ceased to be a member.

(d) Joint Membership. The board can approve joint holders of a share or membership. Any one of such persons may vote at any meeting, such person to be decided by the joint holders. If one of the joint holders is elected to the Board of Directors, then, that person shall hold the privilege of the vote.

8. Exclusion and Withdrawal from Membership:

- (a) Members must withdraw their membership in the Co-operative by giving thirty (30) days' notice in writing to the Board according to section 29 of the Act.
- (b) Members cannot transfer their membership to any other person.
- (c) Membership ends when a member dies.
- (d) A member who fails to follow the policies, rules or by-laws of the Co-operative may be excluded from membership by a decision of the Board according to Section 29 and Regulations 4 and 6 of the Act.

9. Meetings:

- (a) The annual meeting of the members shall be held within four months of the year-end. Special meetings shall be held when called by the Secretary as directed by the Board, or by a written request of the members made in accordance with the Act. The Board shall decide time and place to hold the meetings.
- (b) Quorum at members' meetings means the minimum number of members who must be present for the Co-operative to hold a members' meeting and make decisions or transact any business.
- (c) At all meetings 5 members of the members in the Co-operative shall be quorum.
- (d) Notice of annual or special meetings shall be delivered to all members at least ten (10) days before the meeting. The notice can be distributed by mail, electronic means, delivered by hand to the registered address of the members, or any combination thereof to ensure member access.

(e) A meeting must be called off if a quorum has not arrived thirty (30) minutes after the meeting is scheduled to start. The meeting will continue on a date not less than two (2) weeks from the scheduled meeting. There must be at least two (10) days' notice of the continued meeting. If a full quorum has not arrived within thirty (30) minutes of the time appointed for the continued meeting, the members present shall be a quorum and the meeting can continue.

(f) If members have requisitioned a meeting and there is no quorum present after thirty (30) minutes after the meeting was scheduled to start, the meeting must be called off. Those present do not have the right to continue the meeting as in Article 8(e). The Board does not have to call another meeting in response to the requisition.

(g) The Board may determine that a board, general membership, annual general or special resolution meeting be held entirely or partially by means of telephonic or electronic or other communications method that permits all participants to communicate adequately with each other during the meeting. In the event such a meeting is to be held, the board shall, notwithstanding anything contained in these by-laws but subject to the Act, establish the procedures for the conduct thereof including, without limitation, the procedures for voting by electronic or other communication method.

(g) The Co-operative shall record minutes of all proceedings of annual or special meetings to be entered in a book kept for that purpose and any such minutes to be signed by the chairperson of the meeting at which the proceedings were had, or by the chairperson of the next scheduled meeting, shall be evidence of the proceedings.

10. Board of directors:

- (a) The board of directors shall consist of a minimum of four (4) and a maximum of ten (10) who shall each be elected for a term of 2 years arranged so that 50% of directors are elected each year. The maximum number of consecutive terms a director may serve is 5 terms. The number of directors can be set by an ordinary motion carried by 60% of the members attending the Annual General Meeting of the co-operative.
- (b) The directors shall meet as often as the business of the Co-operative may require but not less than six (6) times per year. A quorum shall consist of three (3) of the directors.
- (c) To be a director, a person must be nineteen years or older. Anyone who is an undischarged bankrupt or the event of significant impairment

caused by mental or physical illness a fair and objective assessment process may lead to the removal of a director;

- (d) If a vacancy occurs on the Board, the directors may appoint a person to fill the vacancy until the next annual meeting.
- (e) Each director must:
 - i. Act honestly, in good faith and in the best interests of the Co-operative at all times
 - ii. Sign an ethical conduct agreement;
 - iii. Attend all Board and members' meetings, unless excused by the Board
 - iv. Prepare for all meetings; and
 - v. Keep confidential any private information about the affairs of the Co-operative, its members or employees.

11. Officers:

The board elects the following officers annually, or more often as needed:

- president
- vice-president
- secretary
- treasurer

The officers' duties shall be specified by the Board.

12. Conflict of Interest:

(a) All officers, directors, committee members and employees must carry out their duties honestly, in good faith and in the best interests of the Co-operative rather than in their own interest.

(b) Directors and officers serve without payment of any kind. However, they have the right to be paid for traveling or other expenses while doing business for the Co-operative as long as the expenses are reasonable and pre-approved by the Board. These expenses must meet the guidelines and limits set by the Board. Directors and officers cannot receive compensation for lost income while doing business for the Co-operative.

(c) A conflict of interest is when any member or director or any member of their family benefits from a decision of the Co-operative. This Article covers conflicts of interest of officers, directors, committee members and employees. It also covers all persons in their households and relatives.

(d) A conflict of interest can happen when a member or an employee of the Co-operative

- (i) makes or takes part in a decision affecting the Co-operative's affairs, and
 - (ii) has a financial or other interest in, or gets a benefit from, the result of that decision which the rest of the members of the Co-operative do not have, or which only a few other members have.
- (e) When a director has or may have a conflict of interest:
- (i) The director should declare the conflict of interest at the Board meeting considering the matter.
 - (ii) If a director does not declare a conflict of interest, but another director is aware of one, the other director can bring it up at a meeting.
 - (iii) The Board then decides whether there is a conflict of interest.
 - (iv) If there is a conflict of interest, the director cannot vote on the matter and must not be present during any parts of the meetings discussing the matter.

13. Financial Year:

The financial year of the Co-operative shall be the first day of April to the last day of March.

14. Auditor:

- (a) Subject to subsection 40(1) of the Act, the members appoint an auditor at each annual members meeting and, if the members fail to appoint an auditor, the Board may do so. The auditor can be either a chartered accountant or a chartered accountant firm.
- (b) The auditor stays in office until the members appoint the next auditor. The Board will arrange for payment of the auditor if authorized by the members.
- (c) Section 40 of the Act states how to remove an auditor and appoint a different auditor.
- (d) The auditor must have access to the books, accounts and vouchers of the Co-operative at all reasonable times.
- (e) The directors, employees and officers of the Co-operative must provide any information and explanations which the auditor needs.
- (f) The auditor reports at the annual members' meeting on the financial statement of the Co-operative.

15. Shares and Member Loan:

- (a) The Board shall determine the conditions of membership including the requirements to pay equity in the form of fees or shares.

Co-operative limited by shares: The par value of share is ten dollars (\$10.00) each. There shall be no dividends paid on shares. A minimum number of shares to be held by each member is five (5).

- (b) Member loans may be issued. Interest rates shall be determined by the board of directors, but shall not exceed 5% per annum.

16. General Reserve:

A general reserve shall be created by allocating from retained earnings each year 100% of the surplus.

17. Borrowing powers:

- (a) The Co-operative is authorized to exercise all and every power to borrow money and to secure payment thereof which is conferred upon it by the Nova Scotia Co-operative Association Act, Chapter 98, Acts of 1989.
- (b) The Co-operative is authorized to exercise all and every power to borrow money and to secure payment thereof which is conferred upon it by the Nova Scotia Co-operative Association Act, Chapter 98, Acts of 1989.
- (c) The directors of the Co-operative may exercise all such powers and to all such acts and things as may be exercised or done by the co-operative in respect of the borrowing of money, and the provision of security for such borrowing, as has been delegated to the directors by the co-operative.
- (d) The directors of the Co-operative shall not, on behalf of the co-operative, authorize or approve capital borrowings or the guarantee of capital borrowings in excess of a total of ten thousand dollars (\$10,000.00) in a single fiscal year without having first obtained formal approval from a meeting of the members of the Co-operative by way of special resolution.

18. Corporate Indemnification:

Subject to the provisions of the Nova Scotia Co-operative Associations Act, every director and senior officer and his or her heirs, executors and administrators, and estate and effects, respectively, shall at all times be indemnified and saved harmless out of the funds of the Co-operative, from and against:

- (a) all costs, charges and expenses whatever that such director or officer sustains or incurs in or out of any action, suit or proceeding that is

brought, commended or prosecuted against the director or officer, for or in respect of any act, deed, matter or thing whatever, made, done or permitted by the director or officer in or about the execution of the duties of his or her office; and

- (b) All other costs, charges and expenses that the director or officer sustains or incurs in or about or in relation to the affairs thereof.

19. Dissolution:

If for any reason the affairs of the Co-operative are dissolved or wound up and there remains, after satisfaction of all liabilities, any property whatsoever, it shall be paid to a non-profit organization whose objectives are similar to those of the Co-operative.

20. Privacy and Confidentiality:

- (a) The Co-operative must follow the *Personal Information Protection and Electronic Documents Act* and its principles.
- (b) Sometimes directors or committees discuss confidential matters. All directors and committee members must keep these matters secret, even after they are no longer directors, members of the committee, or members of the Co-operative.

Confidential matters are

- personal and financial information about members and other residents
 - personal information about the Co-operative's employees, and
 - information about the Co-operative's business which should be kept secret to protect the Co-operative.
- (c) Officers, employees or members sometimes learn confidential information. They must keep that information secret and not pass it on to anyone else.
 - (d) When the Board discusses confidential matters, the minutes of these discussions must be kept in a separate section of the minute book. Only Board members can see the confidential minutes.
 - (e) The Board must decide which items are confidential. They should remember that members have the right to be fully informed about the Co-operative's business. They must have a good reason for keeping something confidential.

- (f) Directors and committee members will sign an ethical conduct confidentiality agreement that includes a confirmation to:
- (i) Act honestly, in good faith and in the best interests of the Co-operative;
 - (ii) Use diligence that any reasonably prudent person would use in similar situations;
 - (iii) Declare any conflict of interest;
 - (iv) Follow all policies, rules and bylaws of the Co-operative;
 - (v) Publically support the decisions of the Board;
 - (vi) Resign from the Board if,
 - bankruptcy is declared;
 - a bond is refused; or
 - failure to remain a member in good standing, defined as not owing money to the Co-operative other than housing charges for the current month and not being in breach of any rule, policy or bylaw.