

STANDARD BY-LAWS FOR THE EVERGREEN GAS CO-OP LTD.

The Standard By-Laws, Rural Utilities Act contains rules by which our Association is governed. In these By-Laws, "Board" means the Board of Directors of the Association.

ANNUAL MEETING

- (1) Annual meeting of the Assoc. shall be held within 120 days of the end of each fiscal year of the Assoc. on a day and at an hour and place decided by the Board
- (2) The primary purpose of the annual meeting is to review and approve financial and other pertinent reports, to appoint an Auditor for the ensuing year and to elect Directors.

SPECIAL GENERAL MEETING

- (1) A special general meeting of the Assoc. may be called at any time by the Board when it considers it necessary or advisable.
- (2) The Board shall call a special general meeting when required to do so by 25% or more of the Members in a written request clearly stating the nature of the business to be transacted at the meeting.

NOTICE OF MEETING

- (1) The Board or Members calling a meeting of the Assoc. shall give at least 10 days notice of the meeting:
 - (a) by mailing to each member of the Assoc., at his address last registered in the office of the Assoc., a notice stating hour, day and place of the meeting,
 - (b) by advertising the hour, day and place of the meeting in a newspaper circulating throughout the Assoc.'s locality.
- (2) If the addition, repeal or amendment to any provision of the By-Laws of the Assoc. or its Memorandum of the Assoc. is to be proposed at the meeting, the intent of the proposed change shall be included in the notice of meeting.

QUORUM

- (1) At a meeting of the Assoc., 10% of the members of the Assoc. constitute a quorum.
- (2) If the Assoc. has a membership of more than 500, 50 members constitute a quorum.
- (3) If within half an hour from the time appointed for any meeting of the Assoc. a quorum is not present,
 - (a) the meeting, if called by Members, shall be dissolved and
 - (b) if not so called, the Chairman of the meeting may call for a resolution to the effect that those present constitute a quorum and be empowered to transact the business to be brought before the meeting.
- (4) If the resolution is passed by a majority vote of the Members present, and recorded in the minutes, the meeting shall then proceed and those Members present constitute a quorum.

VOTING AND ORDER OF BUSINESS

- (1) At a meeting of the Assoc. a majority vote of the Members present shall decide all questions, except when an extraordinary resolution is required.
- (2) Each member in good standing has one vote on any question.
- (3) So far as it is applicable at any particular general meeting of the Assoc., the order of business for a general meetings of the Assoc. is as follows:
 - (1) Calling of the meeting to order by the Chairman
 - (2) Minutes of the preceding meeting
 - (3) Business arising out of the minutes
 - (4) Reports of Officers and the Board
 - (5) Reports of Auditors
 - (6) Unfinished business
 - (7) Nominations and election of Officers
 - (8) Nominations and appointment of Auditors
 - (9) Annual membership levy
 - (10) New Business
 - (11) Adjournment

COMPOSITION AND ELECTION OF BOARD

- (1) The Board shall consist of an odd number of Directors not being fewer than five.
- (2) Any Member in good standing or the representative of a corporation that is a Member in good standing is eligible to be a Director.
- (3) Candidates for election to the office of Director shall be nominated openly at a general meeting.
- (4) The term of office of a Director is three years.
- (5) Retiring Directors are eligible for re-election.

POWERS AND DUTIES OF BOARD

- (1) The Board shall direct and supervise the business of the Assoc., and may exercise all the powers of that are not required to be exercised by the Membership in general meeting.
- (2) The Board may appoint an executive committee from among its numbers and prescribe the committee's duties.

MEETINGS OF BOARD

- (1) Immediately after the first general meeting of the Assoc. and subsequently, immediately after each annual meeting, the Board shall meet and elect from their own numbers:
 - (a) a Chairman or President, and
 - (b) a Vice Chairman or Vice President

and any reference in these By-Laws to the Chairman or Vice Chairman shall be read as also referring to a president or Vice President respectively.

- (2) The Board shall hold other meetings on days and at places and times decided on by the Board.

- (3) The Chairman shall call a special meeting of the Board on the written request of a majority of the Directors or if he considers it to be necessary.
- (4) The Secretary shall give each Director written notice of a special meeting, stating the time and place at which it is to be held and stating in general terms the nature of the business to be transacted at the meeting.

PROCEEDINGS AT BOARD MEETINGS

- (1) A majority of the Directors constitute a quorum for the transaction of business at a meeting of the Board, but a smaller number may adjourn from time to time until a quorum is obtained.
- (2) The Chairman may vote on any question, but having done so, he does not have a casting vote in the event of a tie.
- (3) If there is no majority in favour of a motion, the motion is lost.
- (4) At the meeting of the Board held before the annual meeting, the Directors shall adopt a report covering all the activities of the Assoc. for the preceding year for presentation to the annual meeting.

VACATING DIRECTOR'S OFFICE

- (1) When a Director fails to attend three consecutive meetings of the Board of which he has been duly notified, his office may be declared vacant by the Board if his absence has not been explained to the satisfaction of the Board.
- (2) Where:
 - (a) a Director, or
 - (b) a corporation whose representative is a Director

ceases to be a member of the Assoc., the office of that Director shall be declared vacant by the Board.

- (3) Where a Director's office is vacated under this section, the Board may forthwith fill the vacancy in accordance with section 13(6) of the Act which states:

SECTION 13(6) When a vacancy occurs in the Board of Directors, the remaining Directors may appoint as a Director a member who is in good standing with the Assoc., who shall hold office until the next general meeting of the Assoc.

CHAIRMAN AND VICE CHAIRMAN

- (1) The Chairman shall preside at all meetings of the Assoc. and of the Board
- (2) The Chairman is ex officio a member of all committees of the Board.
- (3) The Chairman shall present to the annual meeting of the Assoc. the Board's report of the activities of the Assoc.
- (4) In case of the absence of the Chairman or his inability to act, the Vice Chairman shall act as Chairman, or if the Vice Chairman is absent or unable to act, then the Board shall appoint one of its numbers to act as Chairman.
- (5) Notwithstanding anything in this section, the Board may, by motion, appoint any person as temporary Chairman to exercise the functions of the Chairman
 - (a) In special circumstances, or

(b) On the election of Officers

In accordance with the term of his appointment

SECRETARY AND TREASURER

- (1) At each meeting at which a Chairman is elected, the Board shall appoint
 - (a) A Secretary and a Treasurer, or
 - (b) A Secretary Treasurer having the duties of both Secretary and Treasurer.
- (2) The Secretary and the Treasurer may, but need not, be a Director or a Member.
- (3) The Secretary shall
 - (a) Attend all meetings of the Assoc., and the Board, and keep correct minutes of the meeting
 - (b) Have charge of the correspondence, records and books of the Assoc., other than the financial records
 - (c) Perform any other duties assigned to him by the Board.
- (4) The Treasurer shall
 - (a) Receive and deposit in a Bank, Treasury Branch, Trust Company or "credit Union in Alberta designated by the Board all money paid to the Assoc., and issue receipts for that money
 - (b) Keep a proper set of financial records, showing accurately the dealings of the Assoc.
 - (c) Present a full and detailed account of the receipts and disbursements to the Board whenever requested by it
 - (d) Prepare for submission to the annual meeting of the Assoc. a complete statement of the financial position of the Assoc.
 - (e) Perform other duties assigned to him by the Board
- (5) The duties referred to in subsection 3 and 4 may be modified or altered in keeping with the assignment of duties to the Manager or other Officers of the Assoc. by the Board
- (6) The Board may appoint an assistant Secretary and an assistant Treasurer or an assistant Secretary Treasurer who shall have
 - (a) The power and duties delegated to him by the Secretary, Treasurer or Secretary Treasurer, as the case may be an
 - (b) All the powers and duties of the Secretary, Treasurer or Secretary Treasurer, as the case may be during his absence or inability to act.

CORPORATE SEAL

- (1) The Assoc. shall have a Corporate Seal in a form approved by the Board
- (2) The Seal shall not be affixed to any document except those kinds authorized by resolution of the Board.
- (3) The use of the Seal shall be authenticated by the signature of a Director, the Secretary or some other person authorized by the Board.

EXECUTION OF CERTAIN DOCUMENTS

- (1) All cheques, notes, bills of exchange, and other financial documents shall be
 - (a) Signed by the Treasurer or in his absence, some other person authorized by a motion of the Board, and
 - (b) Countersigned by the Chairman or other person or persons appointed by the Board

FISCAL YEAR

The Fiscal year of the Assoc. is the year beginning on January 1 and ending on the following December 31, unless otherwise provided by supplemental By-Law.

AUDITOR

- (1) No person holding office in or employed by the Assoc. eligible to be appointed Auditor of or to perform any of the duties of the Auditor of the Assoc.
- (2) The Auditor shall be appointed by resolution at an annual meeting or at a special general meeting called for that purpose.
- (3) The Auditor must be a member in good standing of an association of accountants recognized by the Director.
- (4) The name of the Auditor appointed shall be submitted by the Assoc. to the Director for his approval forthwith after the appointment.

DISPOSITION OF SURPLUS EARNINGS

Surplus earnings remaining in the hands of the Assoc. at the end of a fiscal year shall be dealt with

- (a) By setting aside funds as the Board considers necessary, and
- (b) By distributing the balance of the surplus earnings as patronage dividends pursuant to the supplemental By-Laws of the Assoc.

MEMBERSHIP

- (1) On the approval of the Board, any person who
 - (a) Owns or has an interest in land
 - (b) Enters into a contract with the Assoc. for the provision of utility service to that land and for the payment of the required contribution to construction and extension of works costs, if any, and
 - (c) Pays the membership fee

May become a member of the Association

- (2) A person of the age of 16 and over may become a Member as provided in section 10 (3) of the Act, which states:

SECTION 10(3) unless provision is made in the memorandum or By-Laws of an association to the contrary, a person of the age of 16 and over

- (a) May be a member, and**
- (b) May subject to the By-Laws, enjoy all the rights of a Member and execute all instruments and give all quittances necessary to be executed or given under the By-Laws**

But no Member under the age of 18 years may be a Director, Manager, or Treasurer of the Association.

- (3) Two or more persons who own or have an interest in land, jointly or in common, may jointly become a Member in which case
 - (a) The rights of a Member to receive notices, to attend meetings of the Assoc. & to be a Director shall be vested in only 1 of those persons, and
 - (b) Those persons shall, in accordance with subsection
 - (c) Furnish the Assoc. with a designation of one of himself or herself as the person who is to have those rights of membership.
- (5) A corporation may be a Member and shall furnish the Assoc. with a designation of a person who is to be it's representative with the right to attend meetings of the Assoc., to vote and to be a Director.
- (6) A designation:
 - (a) Shall be in a form acceptable to the Assoc.
 - (b) Shall be furnished to the Assoc. at the time the utility service contract is executed, and
 - (c) May be changed from time to time by a like designation.
- (7) A Member withdrawing from the Assoc. is entitled to be repaid his membership fee, but any contribution by the Member towards construction and extension of works costs shall become and remain the sole property of the Assoc.

EXPULSION OF MEMBERS

- (1) The Board may expel any Member from the Assoc. and return his membership fee for actions, which in its opinion are harmful to the Assoc., or for failing to patronize the business of the Assoc. to a minimal amount.
- (2) Before ordering the expulsion, the Board shall invite the Member to attend a Board meeting at which the reasons for the expulsion shall be discussed and the Member allowed to present his arguments against expulsion.
- (3) The Board shall forthwith give written notice of an expulsion order to the Member whose expulsion has been ordered.
- (4) A Member shoes expulsion has been ordered may, within fourteen days after receiving notice of the expulsion, appeal to the next general meeting of the Assoc. and the Assoc. may confirm the expulsion or order the reinstatement of the former Member.

SECURITY

- (1) The Assoc. shall carry blanket position bonding for all Directors, Officers and employees of the Assoc. in the total amount of
 - a. \$50,000.00 or
 - b. Six times the projected annual cash flow generated from the interest earned on the Assoc.'s investments, whichever is greater.
- (2) The Assoc. shall at all times carry comprehensive public liability and property damage insurance, including standard non-owned automobile liability coverage, in a total amount of not less than \$2,000,000.00.
- (3) Property damage coverage under subsection (3) shall be based on an "occurrence" basis rather than an "accident" basis.
- (4) If the Assoc. is supplying natural gas, it shall insure and keep insured to least its current actual value
 - a) Every building
 - b) Each individual installation above ground equipment when the installation is valued in excess of \$2000.00 and
 - c) Material and equipment inventories used to provide gas service.

SUPPLEMENTAL BY-LAWS FOR THE EVERGREEN GAS CO-OP LTD.

The Standard By-laws shall apply to the Assoc. except as hereinafter modified.

Standard By-law # 9 shall have the following additional paragraph:

(d) Any Member withdrawing from the Assoc. shall only have the right to be paid his membership fee of \$1.00. Any contributions to construction and extension pipeline costs shall on such payments become and remain the sole property of the Assoc. May 14, 1974.

Standard By-law # 11 shall not apply to the Assoc. and in lieu thereof shall be the following By-law:

- i. (a) Surplus earnings, including surplus funds resulting from contribution to construction and extension pipeline costs, remaining in the hands of the Assoc. at the end of any fiscal year shall be dealt with as follows:
 - (1) By setting aside necessary reserves
 - (2) By paying if deemed advisable by the Directors and at such rate as the Directors may decide, interest to the Members on their respective contribution to construction and extension line costs. May 14, 1974.

The Board of Directors may by resolution, discontinue the supply of natural gas to a Member who is in default on a Lien note. June 25, 1981.

The annual meeting shall be held within one hundred and twenty days (120) of the fiscal year end of the Assoc. April 26, 1983.

The number of Directors who shall direct and supervise the concern of the Assoc shall be nine (9). May 23, 1985.

RESERVE FUND

- (1) The objective of the reserve fund established by the Evergreen Gas Co-op Ltd. Shall be:
 - (a) To provide funds for the partial or total replacement of the Assoc. gas distribution system
 - (b) To provide funds for system improvement or upgrading as may be required from time to time
 - (c) To provide a working capital fund for expenditures required to alleviate emergency conditions and/or conduct necessary system repairs
 - (d) To provide funds for completion of installation in prepaid subdivisions where service lines and risers have been paid for by the developer but will not be built until the lots are occupied
 - (e) " To provide security for an operating line of credit at a financial institute, which may facilitate the purchase of natural gas on behalf of the membership" (April 4, 2001)

- (2) Sources of funds to be placed into the reserve shall be determined by the Co-op Board from time to time and may include any or all of the following:
 - (a) Surplus construction funds
 - (b) A flat per Member charge (designated as monthly, quarterly or annually)
 - (c) A specified cents per GJ charge in commodity rate
 - (d) An assigned portion of year end operating profit
- (3) Funds accumulated in the reserve are to be invested by the Board in trustee approved securities in such a way that they will be readily available for either direct expenditures by cashing of securities or use as collateral for temporary borrowings pending maturing of term securities. (The term "trustee approved securities" refers to the types of investments as defined in the Trustee Act. These include various low risk securities such as bank term certificates, treasury bills, municipal bond, etc)
- (4) Withdrawals from the reserve are to be for the specified objectives of the fund at such time and in such amounts as the Board may deem necessary and prudent for the on going viable operation and safety of the Co-op's utility business. Any withdrawals for purposes other than those specified shall be approved in advance by a general meeting of the Association.
- (5) Prior to the Association's annual meeting the Board shall review the adequacy of the fund & the components of the forecasting of its future requirements. A report of this review and a separate accounting, with respects to the reserve fund shall be provided to the membership of the Assoc. in conjunction with the annual financial statements.

INSPECTING MEMBERSHIP REGISTER

At an Annual General Meeting of Evergreen Gas Co-op Ltd. Held on the 7th day of April 2004, it was regularly moved and seconded that: The Evergreen Gas Co-op Ltd. Add to its Bylaws the following Supplemental Bylaw No.8.

The Bylaws of the Evergreen Gas Co-op shall be amended by passing Supplemental Bylaw No. 8 as follows:

"Membership Register Inspection:

In the event that a member requests inspection of the Evergreen Gas Co-op membership register, the following rules shall apply:

1. The member shall make a written request to the Board of the Evergreen Gas Co-op to inspect the membership register specifying whether a copy of the membership register is also being requested and stating the reason why inspection and/or copy is required by the member.

2. The Board of the Evergreen Gas Co-op shall notify the requesting member in writing with respect to the request for inspection and provide the conditions upon which a copy of the membership list shall be provide.
 3. The inspecting member shall not make notes of, copy or otherwise reproduce in any way, the membership register so inspected; and
 4. The member shall only be entitled to inspect the membership register once within each twelve month period; and
 5. In the event that memberships held jointly by the inspecting member, the above rights shall vest in only one of the joint members.”
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The Evergreen Gas Co-op, having given at least ten (10) days written notice to the membership of such a motion, the above Supplemental Bylaw was passed by the required majority of those members present at the general meeting.

Dated at the Town of Drayton Valley, in the Province of Alberta, this 7th day of April 2004.

Secretary