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Rocky View Water Co-op Ltd.

Amended By-laws

April 20, 2017

EXAMINED AND RECOMMENDED
FOR REGISTRATION
[Signature]
DIRECTOR OF WATER AND SEWAGE CO-OPERATIVE
DATE *August 02/2017*

ROCKY VIEW WATER CO-OP LTD.
BY-LAWS APPROVED
April 20, 2017

INDEX

1. INTERPRETATION	1
2. ANNUAL MEETINGS	2
3. SPECIAL GENERAL MEETINGS	2
4. NOTICE OF MEETINGS.....	2
5. QUORUM	3
6. VOTING AND ORDER OF BUSINESS	3
7. COMPOSITION AND ELECTION OF THE BOARD	4
8. POWERS OF THE BOARD.....	4
9. MEETINGS OF DIRECTORS.....	5
10. PROCEEDINGS AT BOARD MEETINGS	6
11. VACATING OF DIRECTOR'S OFFICE	7
12. CHAIRPERSON AND VICE-CHAIRPERSON	7
13. TREASURER	7
14. SECRETARY	8
15. CORPORATE SEAL.....	8
16. EXECUTION OF CERTAIN DOCUMENTS.....	8
17. FISCAL YEAR	9
18. APPOINTMENT OF AUDITOR	9
19. PATRONAGE ALLOCATIONS	9
20. SHARE CAPITAL AND MEMBERSHIP.....	9
21. BORROWING BY THE ASSOCIATION	12
22. INSURANCE	12

23. VOLUNTARY TERMINATION OF MEMBERSHIP	12
24. EXPULSION OF MEMBERS	13
25. NON PAYMENT OF FEES.....	13
26. OPERATING PROCEDURES	14
27. RATIONING.....	15
28. WATER METERS	15
29. REPAIR EXPENDITURES	15
30. SUBDIVISION RIGHTS	16
31. CHARTER MEMBER'S RIGHTS.....	16

1. INTERPRETATION

1.1 Definitions:

In these by-laws of the Association, terms are defined as follows:

"ACT" means, collectively, the Rural Utilities Act, RSA 2000, C. R-21 and the Rural Utilities Regulation, Alta Reg 151/2000, as each may be amended from time to time.

"ASSOCIATION" means the Rocky View Water Co-op Ltd.

"BOARD" means the BOARD of Directors of the ASSOCIATION.

"CHARTER MEMBER" means each current MEMBER who was a MEMBER of the ASSOCIATION, at the time of the commencement of the original WATER SYSTEM on March 31, 1992 and purchased Class A voting and Class B non-voting shares of the ASSOCIATION as its founding members who took on the financial risk involved in funding the necessary engineering, research, construction and other costs in order to bring the WATER SYSTEM into operation.

"DEVELOPER" means a person or a MEMBER who is subdividing property serviced, or proposed to be serviced, by the ASSOCIATION into more than two (2) lots for resale. A DEVELOPER shall be treated as an individual MEMBER of the ASSOCIATION.

"DIRECTOR" means a MEMBER who has been elected to the BOARD by the general membership or as appointed by the BOARD pursuant to Section 11.2.

"EXTERIOR SURFACE READOUT" means a WATER METER readout device for the express purpose of reading a WATER METER without having to enter a MEMBER's home.

"MEMBER" means a person which is approved by the BOARD for membership in the ASSOCIATION and who is a holder of Class A voting share(s) of the ASSOCIATION.

"OFFICER" means an elected or appointed MEMBER, DIRECTOR or independent person assuming responsibility for one of the following offices: chairperson, vice-chairperson, treasurer or secretary, pursuant to Sections 9, 12, 13 and 14.

"RULES OF ORDER" means Roberts Rules of Order to be used as a procedural guide at the General Meetings of the ASSOCIATION and any meeting of the BOARD or the ASSOCIATION.

"TERMS AND CONDITIONS OF SERVICE" means the Terms and Conditions of Service applicable to all Members, as approved by the Board from time to time.

"TIE-IN POINT" means the point where the WATER SYSTEM is connected to the private service line of a dwelling, home or establishment of each MEMBER. "TIE-IN POINT" may also be referred to as a "curb stop" or "curb box".

"UNIT" means one water service connection.

"WATER METER" means the metering device installed inside a frost free enclosure, typically at the dwelling, home or establishment of each MEMBER, which records the quantity of water purchased from the ASSOCIATION by each MEMBER.

"WATER SYSTEM" means the water treatment and distribution system installed, owned, operated and maintained by the ASSOCIATION, including all surface facilities and pipelines related thereto.

- 1.2 These by-laws of the ASSOCIATION are subject to the Act.
- 1.3 Words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing a person include an individual, partnership, association, body corporate, trustee, executor, administrator and legal representative.

2. ANNUAL MEETINGS

- 2.1 A meeting of the ASSOCIATION shall be held annually within one hundred and twenty (120) days of the end of each fiscal year of the ASSOCIATION on such date, time and place as decided by the BOARD.

3. SPECIAL GENERAL MEETINGS

- 3.1 A special general meeting of the ASSOCIATION may be called at any time by the BOARD when deemed necessary or advisable to do so.
- 3.2 The BOARD shall call a special general meeting when requested to do so by ten percent (10%) or more of the MEMBERS in a written request stating clearly the nature of the business to be transacted at such meeting.
- 3.3 If the BOARD does not call a special general meeting within fourteen (14) days of receipt of a written request described in Section 3.2, the MEMBERS making the request may themselves call the special general meeting.

4. NOTICE OF MEETINGS

- 4.1 Subject to Section 4.2, the BOARD or MEMBERS calling a meeting of the ASSOCIATION in accordance with these by-laws shall give at least ten (10) days notice of any such meeting by:
 - (a) mailing or delivering, by post, hand or electronically, to each MEMBER of the ASSOCIATION at his or her last registered address in the office of the ASSOCIATION, a notice stating the date, time and place of the meeting, or
 - (b) advertising the date, time and place of the meeting in a newspaper circulating throughout the ASSOCIATION's locality.
- 4.2 Any change, amendment or repeal of these by-laws or any extraordinary resolution of the BOARD shall require fifteen (15) days written notice, including reasonable particulars thereof.

5. QUORUM

- 5.1 Subject to Section 5.2, at any meeting of the ASSOCIATION, not less than ten percent (10%) of the MEMBERS of the ASSOCIATION present and in person shall constitute a quorum.
- 5.2 If at the time appointed for any meeting of the ASSOCIATION a quorum is not present:
- (a) the meeting, if called by MEMBERS, shall be dissolved; or
 - (b) if called by the BOARD, the Chairperson of the meeting may call for a resolution to be passed by a majority of those MEMBERS present and in person to the effect that those MEMBERS present at that time shall constitute a quorum and be empowered to transact the business to be brought before the meeting and if such resolution is passed by a majority vote of the MEMBERS present and recorded in the minutes, the meeting may then proceed and those MEMBERS present shall constitute a quorum.

6. VOTING AND ORDER OF BUSINESS

- 6.1 Subject to Section 5, at a meeting of the ASSOCIATION a majority vote of those MEMBERS present and in person shall decide upon all motions raised at the meeting.
- 6.2 Each holder of a Class A voting share in the ASSOCIATION shall be entitled to one (1) vote per Class A voting share held by it at a meeting of the ASSOCIATION. Where a person holds a Class A voting share, such person is the person entitled to vote at all meetings of the ASSOCIATION in respect of such Class A voting share. Where two (2) or more persons hold a Class A voting share jointly, only one of those holders present at a meeting of the ASSOCIATION may vote the Class A voting share.
- 6.3 The ASSOCIATION may only be dissolved or reorganized at an annual general meeting of the ASSOCIATION held in accordance with Section 2.1 and only if a two thirds (2/3) affirmative vote of all MEMBERS is carried with respect to such motion.
- 6.4 At an annual general meeting or special general meeting, the ASSOCIATION may approve any motions put before it by a majority of the membership present and voting.
- 6.5 Where applicable, the order of business at any general meeting of the ASSOCIATION is as follows:
- (a) calling of meeting or order by the Chairperson;
 - (b) minutes of the preceding meeting;
 - (c) business arising out of the minutes;
 - (d) reports of OFFICERS and the BOARD;
 - (e) reports of standing committees appointed at a previous meeting;
 - (f) reports of special committees appointed at a previous meeting;
 - (g) reports of the Auditor;

- (h) unfinished business;
- (i) nomination and elections of DIRECTORS;
- (j) nomination and appointment of the Auditor;
- (k) new business; and
- (l) adjournment.

7. COMPOSITION AND ELECTION OF THE BOARD

7.1 The BOARD shall consist of nine (9) MEMBERS.

7.2 A candidate nominated for the office of DIRECTOR must:

- (a) agree to being nominated as a DIRECTOR;
- (b) be a MEMBER;
- (c) hold at least one (1) Class A voting share;
- (d) hold at least ten thousand (10,000) Class B non-voting shares;
- (e) be the designated voter of such shares described in Section 7.2(c); and
- (f) be current in all payments due to the ASSOCIATION.

7.3 The term in office of a DIRECTOR is three (3) years.

7.4 A DIRECTOR whose term in office has expired is eligible for re-election.

8. POWERS OF THE BOARD

8.1 The BOARD shall direct and supervise the business of the ASSOCIATION, and may exercise all the powers of the ASSOCIATION that are not required to be exercised by the ASSOCIATION in a general meeting.

8.2 The BOARD may appoint an executive committee from among its number, and shall, if appointed, prescribe the committee's duties.

8.3 The BOARD shall ensure that the Act is followed for the operation of a WATER SYSTEM.

8.4 The BOARD shall have the power to determine conditions for new membership in the ASSOCIATION on an individual basis.

8.5 The BOARD, subject to ratification at a general meeting, may decide to offer remuneration for services rendered by DIRECTORS.

8.6 The BOARD shall have the power to collect monthly payments on behalf of the ASSOCIATION.

8.7 Limitation of Liability: Every DIRECTOR and OFFICER of the ASSOCIATION in exercising its powers and discharging its duties shall act honestly and in good faith with a view to the best interests of the ASSOCIATION, and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no DIRECTOR or OFFICER of the ASSOCIATION shall be liable for:

- (a) the acts, receipts, neglects or defaults of any other DIRECTOR or OFFICER or employee or for joining in any receipt or other act for conformity;
- (b) any loss, damage or expense incurred by the ASSOCIATION through the insufficiency or deficiency of title to any property acquired by the ASSOCIATION or for or on behalf of the ASSOCIATION;
- (c) for the insufficiency or deficiency of any security in or upon which any of the moneys of the ASSOCIATION shall be placed out or invested;
- (d) for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the ASSOCIATION;
- (e) for any loss, damage or misfortune whatsoever which may happen in the execution of the duties of his respective office or trust or in relation thereof; or
- (f) for any other reason whatsoever.

8.8 Indemnity: The ASSOCIATION shall indemnify a DIRECTOR or OFFICER, a former DIRECTOR or OFFICER, or a person who acts or acted at the ASSOCIATION's request or appointment as a DIRECTOR or OFFICER of a body corporate of which the ASSOCIATION is or was a shareholder or creditor, and such Director or Officer's heirs, executors, administrators and other legal representatives, from and against any liability and all costs, charges and expenses that he sustains or incurs in respect of any action, suit or proceeding that is proposed or commenced against him for or in respect of anything done or permitted by him in respect of the execution of his duties of his office, except where such liability relates to his failure to act honestly and in good faith with a view to the best interests of the ASSOCIATION.

The ASSOCIATION shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing in this By-law shall limit the right of any person entitled to be indemnified by the ASSOCIATION to make a claim for indemnity apart from the provisions of this By-law.

8.9 Insurance: Subject to the Act, the ASSOCIATION shall purchase and maintain insurance for the benefit of any person referred to and for the reasons outlined in Section 8.8.

9. MEETINGS OF DIRECTORS

9.1 Immediately after the first general meeting of the ASSOCIATION and subsequently, immediately after each annual general meeting, the BOARD shall meet and appoint the following as deemed necessary:

- (a) from their own number, a Chairperson of the BOARD;

- (b) from their own number, a Treasurer;
- (c) a secretary, who may or may not be a DIRECTOR; and
- (d) any committees.

9.2 Subject to Section 9.1, the BOARD shall hold other meetings at places and times decided on by the BOARD; provided that the BOARD shall meet at least four (4) times per year on a quarterly basis.

9.3 The chairperson of the BOARD shall call a special meeting of the BOARD on written request of a majority of the DIRECTORS.

9.4 The Secretary shall mail or deliver personally or electronically to each DIRECTOR a notice of the time, place and purpose of the meeting, but if all DIRECTORS are present at a meeting it shall be deemed to have been regularly called whether or not the notice of the meeting has been given.

9.5 The BOARD shall appoint a vice-chairperson of the BOARD.

9.6 A DIRECTOR or any OFFICER or invited person entitled to attend a meeting of the BOARD may participate in the meeting by means of telephone or other communication facilities that permit all person participating in such a meeting by those means is deemed for the purposes of the Act to be present at the meeting.

9.7 Only elected or appointed DIRECTORS may vote at a BOARD meeting.

9.8 Resolution in Lieu of Meeting: A resolution in writing, whether by written document, e-mail, facsimile or any other electronic method, signed or acknowledged by e-mail by all DIRECTORS entitled to vote on that resolution at a meeting of the DIRECTORS or a committee of DIRECTORS. Such a resolution may be signed, delivered or received in counterparts, which together shall be deemed to constitute one (1) entire resolution. A DIRECTOR's resolution shall be held to relate back to any date therein stated on any counterpart, according to the tenor thereof, as the case may be.

10. PROCEEDINGS AT BOARD MEETINGS

10.1 A majority of the DIRECTORS constitutes 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.

10.2 The Chairperson may vote on any question, but having done so, he does not have a casting vote in the event of a tie.

10.3 If there is no majority in favour of a motion, the motion is lost.

10.4 At the meeting of DIRECTORS held before the annual general meeting, the DIRECTORS shall adopt a report covering all the activities of the ASSOCIATION for the preceding year.

10.5 DIRECTORS who find themselves in a conflict of interest regarding matters of business of the BOARD or the ASSOCIATION shall notify the BOARD of such conflict and excuse themselves from the applicable portions of any meeting held in relation to such conflict.

11. VACATING OF DIRECTOR'S OFFICE

- 11.1 Where a DIRECTOR fails to attend three (3) consecutive meetings of the BOARD of which he has been duly notified, his office shall be declared vacant unless his absence has been explained to the satisfaction of the BOARD.
- 11.2 Where a DIRECTOR's office is vacated under Section 11.1 or by resignation, the BOARD shall forthwith fill the vacancy.

12. CHAIRPERSON AND VICE-CHAIRPERSON

- 12.1 The chairperson of the BOARD shall preside over all meetings of the ASSOCIATION and of the BOARD.
- 12.2 The chairperson is ex-officio a member of all committees of the BOARD.
- 12.3 The chairperson shall present to the annual general meeting of the ASSOCIATION the DIRECTOR's report of the activities of the ASSOCIATION referred to in Section 10.4.
- 12.4 In case of the absence of the chairperson or his inability to act, the vice-chairperson shall act as chairperson, or, if no vice-chairperson has been elected or the vice-chairperson is absent or unable to act, then the BOARD shall nominate one of its members to act as chairperson.

13. TREASURER

- 13.1 The office of treasurer shall be held by one (1) person to be known as the Treasurer.
- 13.2 Subject to Section 13.3, the treasurer shall:
 - (a) attend all meetings of the ASSOCIATION and of the BOARD;
 - (b) have charge of the correspondence, records and book of the ASSOCIATION, provided there is no secretary appointed;
 - (c) receive and deposit in the bank, treasury branch, or place of safe keeping designated by DIRECTORS all money paid to the ASSOCIATION, and issue receipts for that money, or observe that these actions have been undertaken;
 - (d) ensure that a proper set of books is maintained, showing accurately the dealings of the ASSOCIATION;
 - (e) present a full and detailed account of the receipts and disbursements to the BOARD whenever requested by it;
 - (f) prepare for submission to the annual general meeting of the ASSOCIATION a complete statement of the financial position of the ASSOCIATION;
 - (g) coordinate and oversee the audit of the financial statements of the ASSOCIATION;
 - (h) be financially literate in order to undertake the duties of the treasurer; and

(i) perform other duties assigned to the treasurer by the BOARD.

13.3 The duties of the treasurer referred to in Section 13.2 may be modified or altered in keeping with the assignment of duties to a manager or administrative staff or assistant treasurer appointed pursuant to Section 13.4.

13.4 The DIRECTORS may appoint an assistant treasurer, who may or may not be a DIRECTOR.

13.5 If appointed, and if the treasurer is absent or unable to act, the assistant treasurer shall act as treasurer.

13.6 A MEMBER may, upon written request to and at the discretion of the BOARD, which shall not be unreasonably refused, have the right to inspect the financial records of the ASSOCIATION. The treasurer shall provide all reasonable assistance and make available all information and material which may be reasonably required.

14. SECRETARY

14.1 If a secretary is appointed, the office of secretary shall be held by one (1) person to be known as the secretary.

14.2 Subject to Section 14.3, the secretary shall:

- (a) attend all meetings of the ASSOCIATION and the BOARD;
- (b) have charge of all correspondence of the ASSOCIATION;
- (c) send out all notices of meetings of the ASSOCIATION and the BOARD; and
- (d) perform other duties assigned to the secretary by the BOARD.

14.3 The duties of the Secretary referred to in By-law 14(2) may be modified or altered in keeping with the assignment of duties to a Manager or other OFFICERS of the ASSOCIATION by the BOARD.

15. CORPORATE SEAL

15.1 The ASSOCIATION shall have a corporate seal in a form approved by the BOARD.

15.2 The seal shall not be affixed to any instrument except by authority of a resolution of the BOARD.

15.3 Subject to Section 15.2, the seal may be used in the presence, and its use authenticated by the signatures of any two (2) DIRECTORS or OFFICERS of the ASSOCIATION.

16. EXECUTION OF CERTAIN DOCUMENTS

16.1 Certificates of allotment of capital stock of the ASSOCIATION which have been approved by the BOARD shall be signed by the chairperson or vice-chairperson.

16.2 All cheques, notes, bills of exchange and other financial documents shall be signed by any two (2) of the following: treasurer, assistant treasurer, chairperson or vice-chairperson.

17. FISCAL YEAR

17.1 The fiscal year of the ASSOCIATION is the date beginning January 1 and ending December 31 of each calendar year.

18. APPOINTMENT OF AUDITOR

18.1 At the first general meeting of the ASSOCIATION, and subsequently at each annual general meeting, an auditor of the ASSOCIATION shall be appointed by the MEMBERS.

18.2 No person holding office in the ASSOCIATION is eligible to be appointed as auditor of the ASSOCIATION.

18.3 The name of the auditor appointed shall be submitted annually by the secretary to Alberta Transportation and Utilities, Director of Water and Sewage Co-operatives for his approval forthwith after the appointment.

18.4 If:

- (a) the Director of Water and Sewage Co-operatives does not approve the appointed auditor for any reason, and
- (b) the ASSOCIATION fails to appoint another auditor who is approved by the Director of Water and Sewage Co-operatives,

then the Director of Water and Sewage Co-operatives may appoint an auditor who shall be the auditor of the ASSOCIATION for the ensuing year.

19. PATRONAGE ALLOCATIONS

19.1 Subject to Sections 19.2 and 25.3, surplus earnings and capital contributed in excess of construction costs incurred by the ASSOCIATION which are in the ASSOCIATION's possession at the end of a fiscal year may, as approved by the BOARD, be distributed to each MEMBER as a patronage dividend in the ratio that each holder of Class B non-voting shares owns in proportion to the total number of Class B non-voting shares issued and outstanding.

19.2 Before any patronage dividends are declared or distributed pursuant to Section 19.1, any surplus earnings and excess capital contributions will be applied towards maintenance, repairs or improvements to the WATER SYSTEM and any capital reserves deemed necessary by the BOARD.

20. SHARE CAPITAL AND MEMBERSHIP

20.1 In order to be accepted as a MEMBER of the ASSOCIATION, the applicant must have an interest in land in the areas and communities in which the ASSOCIATION is authorized to provide its

service with the WATER SYSTEM and must complete an application form, which shall be considered by the BOARD and approved, such approval shall not be unreasonably withheld.

- 20.2 The BOARD reserves the right to refuse to accept any application to become a MEMBER of the ASSOCIATION and will be required to exercise this right where acceptance of the applicant would disqualify the ASSOCIATION from being a co-operative corporation, as that term is defined in the *Income Tax Act* (Canada).
- 20.3 A prospective new MEMBER of the ASSOCIATION will be required to purchase one (1) Class A voting share for ten Dollars (\$10.00) subscription fee, or such other amount as may be determined by the BOARD from time to time. Purchase of a Class A voting share shall be deemed acknowledgement and acceptance of the TERMS AND CONDITIONS OF SERVICE. Each MEMBER will be prohibited from owning more than one (1) Class A voting share.
- 20.4 Where a prospective new MEMBER purchases land from an existing MEMBER of the ASSOCIATION, the New MEMBER must purchase a Class A voting share from the treasury of the ASSOCIATION.
- 20.5 The rights given to the holder under the terms and conditions of the Class A voting shares are the right to one (1) vote in the conduct and affairs of the ASSOCIATION.
- 20.6 Each MEMBER will be required to purchase Class B non-voting shares in an amount and for a price as determined by the BOARD from time to time, but in any event, not less than ten thousand (10,000) shares at a price of one dollar (\$1.00) per share for each UNIT for which the MEMBER receives service from the WATER SYSTEM.
- 20.7 When a prospective new MEMBER purchases land from an existing MEMBER of the ASSOCIATION, the departing MEMBER must transfer the applicable Class B non-voting shares associated with the land being transferred to the new MEMBER. It is the responsibility of the existing MEMBER to notify the ASSOCIATION and to advise the new MEMBER, in writing, that all requirements have properly been met to complete the transfer of the ASSOCIATION membership from the existing MEMBER to the new MEMBER. If the departing MEMBER does not transfer the applicable Class B non-voting shares to the new MEMBER following a transfer of land to the new MEMBER in accordance with this Section 20.7, the ASSOCIATION shall be authorized to automatically cancel the applicable Class B non-voting shares of the departing MEMBER without compensation and to issue a corresponding amount of Class B non-voting shares to the new MEMBER.
- 20.8 A land DEVELOPER may reserve from the ASSOCIATION a "Membership Reservation", which will guarantee the supply of water to a specified lot owned by the DEVELOPER if the Rocky View County approves the proposed development and the purchaser of the lot is accepted by the ASSOCIATION as a MEMBER. The Membership Reservation requires the DEVELOPER to furnish to the ASSOCIATION an irrevocable letter of credit in a form, from a financial institution and in an amount and on terms acceptable to the ASSOCIATION in its sole discretion. Such irrevocable letter of credit will be held by the ASSOCIATION and the ASSOCIATION shall be authorized to draw on the irrevocable letter of credit to satisfy the DEVELOPER's or the purchaser's, as applicable, share purchase obligations described in Section 20.6 above.
- 20.9 The rights given to the holder under the terms and conditions of the Class B non-voting shares are the right to receive the redemption amount described below in Section 20.11 if the ASSOCIATION redeems the shares, the right to sell the shares to other MEMBERS of the ASSOCIATION provided the UNIT to which such shares attach no longer requires water services

from the WATER SYSTEM, or to transfer shares to a purchaser of the MEMBER's land, subject to Section 20.10, and the right to receive any patronage dividends allocated pursuant to Sections 19.1 and 19.2.

- 20.10 No MEMBER shall be entitled to sell or transfer his Class B non-voting shares to a purchaser thereof where the transfer of shares would result in the ASSOCIATION no longer qualifying as a co-operative corporation, as that term is defined in the *Income Tax Act* (Canada).
- 20.11 The Class B non-voting shares will be redeemable at the option of the BOARD for one dollar (\$1.00) per share, or at such price as determined by the BOARD from time to time.
- 20.12 Membership in the ASSOCIATION will be terminated upon the following occurrences:
- (a) voluntary withdrawal with the BOARD's consent under Section 23.1;
 - (b) sale of the property serviced by the ASSOCIATION; or under Section 23.2; or
 - (c) expulsion of the MEMBER by the BOARD for endangering the integrity of the WATER SYSTEM or failure to comply with these by-laws, supplemental by-laws or any amendments thereto pursuant to Section 24.1.
- 20.13 A person losing membership status pursuant to Subsections 20.12(a) and (b) above must tender his Class A voting share to the ASSOCIATION and must either transfer his Class B non-voting shares to the purchaser of the MEMBER's land, or to another MEMBER provided the UNIT to which such shares attach no longer requires water services from the WATER SYSTEM, or surrender his Class B non-voting shares to the ASSOCIATION for resale to another MEMBER on his behalf. All shares, transactions, documents are to be tendered to the ASSOCIATION for recording in the share registry within Ninety (90) days.
- 20.14 Membership in the ASSOCIATION and ownership of the required amount of Class B non-voting shares, entitles a MEMBER to connect his land to the WATER SYSTEM at his own cost using a contractor approved by the ASSOCIATION.
- 20.15 Subject to Section 20.16, a MEMBER will be entitled to additional tie-in(s) if the MEMBER purchases additional Class B non-voting shares from treasury in an amount and for a price to be set by the BOARD from time to time.
- 20.16 The BOARD shall not approve an additional tie-in to a MEMBER's land where the issuance of Class B non-voting shares pursuant to the MEMBER's obligations described in Section 20.15 would result in the ASSOCIATION no longer qualifying as a co-operative corporation, as that term is defined in the *Income Tax Act* (Canada).
- 20.17 Each MEMBER is responsible for the cost of services provided by the ASSOCIATION to the MEMBER or to the parcel of land owned by the MEMBER. The ASSOCIATION shall always look to each MEMBER directly for payment of or reimbursement for such services notwithstanding that he may not be in possession of the parcel of land and may have rented, leased or otherwise permitted persons other than himself to occupy the parcel.
- 20.18 After a tie-in is completed, all equipment and material from the WATER SYSTEM to and including the curb box becomes the property of the ASSOCIATION, and after a one (1) year warranty period from date of emplacement, the ASSOCIATION is responsible for maintenance of such equipment up to and including the curb box.

21. BORROWING BY THE ASSOCIATION

- 21.1 A MEMBER shall be treated as agreeing to lend to the ASSOCIATION each year that portion of the surplus funds credited to such MEMBER in the year that the ASSOCIATION desires to borrow such funds from any MEMBER.
- 21.2 The ASSOCIATION shall repay to each MEMBER all sums borrowed by the ASSOCIATION under Section 21.1 without interest, as soon as money becomes available.
- 21.3 The ASSOCIATION shall have borrowing rights, as approved by the BOARD, from approved financial institutions.

22. INSURANCE

- 22.1 The ASSOCIATION shall carry at all times the following types of insurance in sufficient quantities to protect the WATER SYSTEM:
- (a) DIRECTOR's Insurance;
 - (b) Fire and Theft; and
 - (c) Liability.
- 22.2 The cost of such insurance shall be borne by the ASSOCIATION.

23. VOLUNTARY TERMINATION OF MEMBERSHIP

- 23.1 A MEMBER wishing to terminate his membership and withdraw from the ASSOCIATION shall make written application to the BOARD, who shall have the right to accept such withdrawal upon the condition that the MEMBER shall be and remain liable for all amounts owing by the MEMBER to the ASSOCIATION up to and including the date of withdrawal, and the MEMBER shall comply with any terms of the membership contract and such other terms as the BOARD deems reasonable.
- 23.2 When a MEMBER ceases to be the owner of a parcel of land for which the membership was purchased, such MEMBER's membership shall automatically terminate; provided that the MEMBER shall continue to remain liable to the ASSOCIATION for all amounts owing by the MEMBER to the ASSOCIATION. In the event that a MEMBER of the ASSOCIATION transfers, sells or assigns one or any of the parcels of land being serviced by the ASSOCIATION to a new owner, the new owner before being eligible to receive water service from the ASSOCIATION must:
- (a) become a MEMBER of the ASSOCIATION; and
 - (b) deliver to the ASSOCIATION an executed membership agreement in a form prescribed by the ASSOCIATION.
- 23.3 Subject to the membership agreement entered into with each MEMBER, upon withdrawal from the ASSOCIATION, a MEMBER has only the rights specified in Section 20.13, and any payment by a MEMBER in respect of the construction, extension or repair of the WATER SYSTEM shall become and remain the sole property of the ASSOCIATION.

- 23.4 If a MEMBER sells his property, his Class B non-voting shares in the ASSOCIATION which pertain to the property being sold shall automatically be transferred to the new owner and the BOARD shall approve the transfer of such shares to the new owner, subject to Sections 20.2, 20.6 and 23.2. If the departing MEMBER does not transfer the applicable Class B non-voting shares to the new MEMBER following a transfer of land to the new MEMBER, the ASSOCIATION shall be authorized to automatically cancel the applicable Class B non-voting shares of the departing MEMBER without compensation and to issue a corresponding amount of Class B non-voting shares to the new MEMBER.

24. EXPULSION OF MEMBERS

- 24.1 Expulsion from membership shall occur:
- (a) if the BOARD decides that a MEMBER continues to act in a manner injurious to the operation or mechanical integrity of the WATER SYSTEM after written notice from the BOARD; or
 - (b) if a MEMBER fails to abide by or adhere to any of the provisions of these by-laws, supplemental by-laws, regulations or any amendment or any agreement that a MEMBER has entered into with the ASSOCIATION.
- 24.2 Before ordering the expulsion of any MEMBER, the BOARD shall invite the MEMBER to attend a BOARD meeting at which the reasons for the expulsion shall be discussed and the MEMBER shall be allowed to present arguments against expulsion.
- 24.3 The DIRECTORS shall forthwith give written notice of an expulsion order to a MEMBER whose expulsion has been ordered.
- 24.4 A MEMBER whose expulsion has been ordered pursuant to Section 24.3 may, within fourteen (14) days after receiving written notice of the expulsion, appeal such expulsion in writing to be heard at the next annual general meeting or special general meeting of the ASSOCIATION; provided that the ASSOCIATION shall not provide any water service to the defaulting MEMBER until expulsion is ratified or reversed at the next annual general meeting or special general meeting of the ASSOCIATION.
- 24.5 Upon expulsion of a MEMBER pursuant to these by-laws, any membership agreement entered into with the expelled MEMBER shall terminate, except with regard to amounts owing to the ASSOCIATION by the expelled MEMBER up to and including the date of expulsion. See also Sections 20.12 and 20.13.
- 24.6 The BOARD may terminate any water services to any MEMBER who is in breach of its membership agreement upon the expiry of fifteen (15) days prior written notice of the BOARD's intention to terminate such services. If, within such fifteen (15) day period the MEMBER rectifies the breach to the reasonable satisfaction of the BOARD the water services shall not be terminated at that time.

25. NON PAYMENT OF FEES

- 25.1 In the event that a MEMBER falls three (3) months into arrears of any amounts due and owing to the ASSOCIATION by such MEMBER, the ASSOCIATION may discontinue providing water services to that MEMBER in accordance with the Act.

26. OPERATING PROCEDURES

- 26.1 The BOARD shall collect any payments due to the ASSOCIATION on a regular basis.
- 26.2 If payment is not received on the payment due date from a MEMBER, interest at the rate of 1.5% per month will be charged to the outstanding amount owed by such Member, which must be paid along with the amount owing by the end of the next quarter or the MEMBER may have water services discontinued pursuant to Section 25.1 and further continuance of inaction may be expelled under the terms in Section 24.
- 26.3 The BOARD shall use their best efforts to ensure that:
- (a) the quality of water meets or exceeds Alberta Water specifications;
 - (b) the WATER SYSTEM is maintained in good operating order;
 - (c) a contingency fund shall be built up to a minimum of one million dollars (\$1,000,000.00) over a period of time, the contingency value required to be determined by the BOARD based on future WATER SYSTEM expansion or major renovations, and maintained at the minimum level of one million dollars (\$1,000,000.00);
 - (d) WATER METERS are read and recorded at least ever three (3) months for each MEMBER;
 - (e) improper service connections shall be corrected immediately by the MEMBER affected at that MEMBER's sole cost and expense;
 - (f) improper service connections or usage is defined as:
 - (i) one that bypasses the WATER METER;
 - (ii) one that damages the WATER METER; or
 - (iii) one that mechanically damages or may damage the WATER SYSTEM.

If a MEMBER is found to have an improper service connection, or improperly using the WATER SYSTEM, he will be asked to rectify the situation within seven (7) days. The cost of repairing any damage to the WATER SYSTEM resulting from an improper service connection may be the responsibility of the MEMBER creating the damage. The MEMBER may be subject to legal action.
 - (g) MEMBERS are notified at least one (1) week in advance of any normal service interruptions or maintenance shut downs of the system, and
 - (h) any automatic turn-on or shut-off valve system that damages the system shall not be allowed.
- 26.4 The ASSOCIATION will not be responsible for any water quality problems or contamination, which may occur, after the water enters the MEMBER's system beyond the curb stop.

26.5 The BOARD may hire full-time or part-time staff at its discretion to assist with the day to day operations and maintenance of the ASSOCIATION. The BOARD may also retain third party consultants, agents or representatives to provide assistance and expertise to the ASSOCIATION, as deemed prudent by the BOARD.

27. RATIONING

27.1 If the demand for water exceeds the available supply of the WATER SYSTEM, the BOARD shall have the right to impose a rationing scheme for as long as necessary. The BOARD may also retain third party consultants, agents or representatives to provide assistance and expertise to the ASSOCIATION, as deemed prudent by the BOARD.

28. WATER METERS

28.1 Each MEMBER connected to the WATER SYSTEM must have a WATER METER installed with an EXTERIOR SURFACE READOUT. No water withdrawal from the WATER SYSTEM shall be permitted by a MEMBER without first flowing through the WATER METER.

28.2 Each WATER METER shall be sealed by the ASSOCIATION.

28.3 Each property owner, renter, MEMBER, landlord, agent, etc. shall permit a representative of the ASSOCIATION to have access to his property in order to read and inspect the EXTERIOR SURFACE READOUT and WATER METER. Representatives shall be permitted access to the WATER METER to verify readings between the meter and the surface readout.

28.4 The ASSOCIATION shall have the right to verify the accuracy of a WATER METER and readout at the ASSOCIATION's expense.

28.5 Each MEMBER connected to the WATER SYSTEM requires a standard EXTERIOR SURFACE READOUT on the WATER METER that is easily and quickly accessible in all weather conditions, yet adequately protected from possible mechanical damage from whatever source. Ideally the EXTERIOR SURFACE READOUT should be installed at the front of the house as close as possible to the driveway and three (3) to four (4) feet above ground.

28.6 Each property owner, renter, MEMBER, landlord, agent, etc. shall expedite the reading of the WATER METER and/or EXTERIOR SURFACE READOUT by the ASSOCIATION's representative. Each MEMBER agrees to be responsible for the control of all livestock, pets, guard dogs, etc. so that the responsibilities of the representative can be carried out without harm or intimidation.

28.7 In case of a discrepancy between a MEMBER's EXTERIOR SURFACE READOUT and WATER METER, the WATER METER reading shall have priority over the EXTERIOR SURFACE READOUT.

29. REPAIR EXPENDITURES

29.1 All repair expenditures, at the discretion of the BOARD, shall be out of the contingency fund maintained for such a purpose.

29.2 If a new MEMBER or DEVELOPER requires expansion, replacement, and/or alterations to the existing water system, that MEMBER or DEVELOPER shall pay all costs and expenses related thereto as determined by the BOARD.

30. SUBDIVISION RIGHTS

30.1 Membership in the ASSOCIATION does not give property owners the right to subdivide. The normal procedure of application to Rocky View County is required.

31. CHARTER MEMBER'S RIGHTS

31.1 Each CHARTER MEMBER will be allowed to purchase one (1) additional future TIE-IN POINT for each membership purchased as a CHARTER MEMBER at a price equal to the original charter membership price plus the cost of inflation as determined by the Consumer Price Index (Canada).

31.2 Any additional TIE-IN POINT purchased pursuant to Section 31.1 shall only be available for the CHARTER MEMBER's personal property, personal business or personal residence, provided that capacity is available from the WATER SYSTEM, and further provided that the ASSOCIATION shall not be obligated to extend or enlarge the WATER SYSTEM to provide water to the additional TIE-IN POINT.

31.3 The right to an additional TIE-IN POINT granted under Section 31.1 shall be non-transferable except through inheritance.

ENACTED this 25th day of April 1995.

REVISED this 16th day of April 1996.

REVISED this 22nd day of April 2008

REVISED this 24th day of April 2012.

REVISED this 20th day of April 2017.



Reg Gustafson
Chairperson



Brad Mason
Secretary and General Manager

Approved by the General Meeting of April 20, 2017 at
Bears paw Lions Hall, Calgary, Alberta

