

## **PURPOSE**

The purposes of this policy is to:

1. Establish guidelines for the administration of members' equity.
2. Explain the rights of the different types of memberships.
3. Outline how equity repayments should be handled for various types of memberships.
4. Ensure a reasonable return to members while maintaining the financial stability of the Co-operative.

### **A. APPROVAL OF MEMBERSHIPS**

No membership will be granted unless:

1. A written application for membership has been presented to the Board of Directors.
2. The Board of Directors has approved the application for membership.
3. The Board of Directors' approval has been recorded in the minutes of a Board meeting.

### **B. MEMBERSHIP DESCRIPTIONS & QUALIFICATIONS**

The qualifications for membership shall be as described in the articles and bylaws of the Co-operative, as registered with the Province of Saskatchewan.

#### TYPES OF MEMBERSHIP

1. **Individual** – a human being, opposed to an artificial entity, aged 16 years or older.
2. **Joint**– two individuals, both of whom are at least 16 years or older with an undivided interest in, and the right of succession to, the membership.
3. **Sole Proprietorship** – an individual's unincorporated business. Example: Joe's Plumbing – the member is the individual behind the sole proprietorship.
4. **Partnerships** – two or more individuals who carry on a business together. The partnership when applying for membership would provide the Co-op in writing who the partners are.
5. **Corporations** – (Limited or Numbered) artificial bodies like business corporations, government bodies, credit unions, school units, rural municipalities and other non-profit corporations etc.

## **C. RIGHTS OF VARIOUS TYPES OF MEMBERSHIP**

### **1. Applying to Quorum at Membership Meetings**

Any individual attending a membership meeting (AGM or Special) will only be allowed a maximum of one count towards quorum representing a combination of any of the following categories:

- **Individual** – Each individual member at a meeting will be counted.
- **Joint** – Each of the parties to a joint membership will be counted.
- **Sole Proprietorship** – The individual named behind the sole proprietorship will be counted. This individual of the Sole Proprietorship must bring to the meeting a letter of appointment of the Sole Proprietorship in order to be counted for quorum purposes.
- **Partnership & Corporations** – Although more than one individual from a partnership or corporate member may be present at a meeting, only one will be counted. The representative of the corporate member must bring to the meeting a letter of appointment from the corporate member in order to be counted for quorum purposes.

### **2. Voting at Membership Meetings**

Any individual attending a membership meeting (AGM or Special) will only be allowed a maximum of one vote representing a combination of any of the following categories:

- **Individual** – Each individual member present may vote.
- **Joint** – Each of the two individuals making up the joint membership may vote.
- **Sole Proprietorship** – The individual named behind the sole proprietorship will be allowed to vote and may do so only after presenting at the membership meeting a letter of their appointment of the Sole Proprietorship.
- **Partnership & Corporations** – Only one representative of each partnership or corporate member may vote, and may do so only after presenting at the membership meeting a letter of their appointment as the representative of the partnership or corporate member.

## **D. ALLOCATION OF SAVINGS**

- Each year the Board of Directors will determine how the Co-operative's retained savings will be distributed, in accordance with *The Co-operatives Act, 1996* and the Co-op's Bylaws.
- It is a long-term objective of the Board of Directors to achieve and maintain reserves of no less than 40% of total assets.
- Member purchases will be recorded by commodity for determining allocations (examples – Food, Agro, and Petroleum). Allocations to members' equity will be made showing members' purchases in each commodity, at rates determined by the Board of Directors. Lease (rental) revenue should be excluded from retained savings when establishing commodity allocations.

## **E. EQUITY REPAYMENTS**

1. Equity repayments will be made in accordance to the Co-operative's bylaws, and are always subject to the Co-operative's ability to pay.
2. The Co-operative has the right to offset, and reserves the right to withhold equity repayments to members whose accounts are in arrears.
3. Except for a complete withdrawal of Membership, equity repayment cheques under \$10.00 will not be issued.

## **F. THE TYPES OF EQUITY REPAYMENTS IN ORDER OF PRIORITY ARE:**

### **1. TERMINATION BY BOARD**

Membership terminations by the Board of Directors will be paid out in priority to all other equity repayments, according to the provisions of *The Co-operatives Act, 1996*.

### **2. ESTATES**

Estate repayment requests will be processed after each regular meeting of the Board of Directors.

- a) Individuals/Sole Proprietor's – payable in full to the individual's estate
  - i. After it receives a copy of the Death Certificate or Funeral Notice and an Application for Withdrawal of Equity Form, the Board of Directors will approve the repayment of equity.
  - ii. Estate repayment cheques will be made payable to "The Estate of ..." in care of the executor, or in the absence of an executor, in care of the next of kin.
- b) Joint Members upon death of one of the joint members
  - i. After it receives a copy of the Death Certificate or Funeral Notice and an Application for Withdrawal of Equity form, the Board of Directors will approve a transfer of all equity to the surviving joint member.
  - ii. The equity of the deceased member does not form part of the estate and should not be counted in the calculation for probate costs.
  - iii. The surviving joint member will hold all of the equity in that member's individual name thereafter, and the rules of repayment of equity to the individual members will apply.
- c) Partnership Estates
  - i. Death of a partner dissolves the partnership. Follow the procedure on "death of an individual" above, in handling the deceased partner's portion of the equity. Surviving partners should sign a request for the transfer of their portions of the partnership's equity to their individual memberships.

d) Corporation Estates

- i. A corporation in itself does not die. However, in the case of a death of a shareholder the corporation may apply for a one-time repayment of the deceased shareholder's percentage of equity.
- ii. Proof of shareholder status and percentage of shares must be provided.
- iii. All remaining shareholders must sign the withdrawal application.
- iv. Payment will be made to the corporation.

**3. OVERAGE**

Overage repayment requests will be processed after each regular meeting of the Board of Directors.

a) Individuals/ Sole Proprietor's

- i. The Co-operative will repay equity to individuals who have reached the age of 69 years.
- ii. Individuals requesting repayment of equity because they have reached the age of 69 years must submit proof of age to the Board of Directors with their Application for Withdrawal of Equity form.
- iii. Upon approval, the accrued equity will be paid down to the value of 10 shares required for membership (\$10.00).
- iv. Annually thereafter, any equity allocated to the membership will be repaid down to the value of the same 10 shares (\$10.00), subject to minimum cheque rules.

b) Joint Members

- i. Equity is payable when the younger individual in the membership reaches the age of 69 years, at which time repayment requests will be processed in the same manner as those for individual memberships.

c) Partnership

- i. Payable to the partnership when **all** partners have reached the age of 69 years. Follow guidelines for individual membership.

d) Corporations

- i. A corporation in itself does not age. However, if a shareholder in a corporation reached the age of 69 years, that shareholder may apply for a one-time repayment of their share equity.
- ii. Proof of shareholder status and percentage of shares must be provided.
- iii. All shareholder must sign the withdrawal application.
- iv. Payment will be to the corporation.

#### **4. MOVED AWAY FROM TRADING AREA**

The Board of Directors determines the trading area, which is subject to revision from time to time (refer to section 7 for details of trading area and map). Members who apply for equity repayment in this category must include adequate proof (as determined by the Board of Directors) of new residence. Moved away repayment requests will be processed semi-annually, June and December of each year with application cut-off dates of April 15<sup>th</sup> and October 15<sup>th</sup>.

##### **a) Individuals/ Sole Proprietors**

- i. An individual member who has moved from the trading area must provide evidence to the Co-operative that the individual member has relocated and established a permanent residential address outside the trading area.
- ii. An individual member who applies for equity repayments in this category must provide proof satisfactory to the Board of Directors of the individual's new residence.
- iii. The repayment is payable in full to the individual member.

##### **b) Joint Members/Partnerships**

If one of the individual parties to a joint membership or partnership has moved from the trading area:

- i. The one who has moved must provide evidence to the Co-operative that he or she has relocated and established a permanent residential address outside the trading area.
- ii. Both parties to the joint membership or partnership must provide to the Co-operative a written authorization to split the equity.
- iii. Once approved by the Board of Directors, the Co-operative will repay half of the joint equity amount to the individual who has left the trading area in the same manner as for an individual member repayment.
- iv. The remaining equity will be transferred into an individual membership for the member remaining in the trading area.

If both of the joint members or partnership have moved from the trading area together:

- i. They must provide evidence to the Co-operative that they have relocated and established a permanent residential address outside the trading area.
- ii. The equity will be repaid in the same manner as for an individual member repayment, with the cheque made out to both of the individuals who are parties to the joint membership or to the partnership.

c) Corporations

If the corporate member relocates its head office outside the trading area and no longer requires the Co-operative's services, the corporate member qualifies for repayment.

- i. If the head office or mailing address of a corporate member moves, but the corporate member continues to conduct business within the trading area, the corporate member would not qualify for repayment.
- ii. Corporate members whose head office was located outside the trading area qualify for repayment when they have permanently ceased to operate within the trading area.

**5. GENERAL REPAYMENTS**

The Co-op may make a general cash repayment to the members from time to time. The following guidelines will apply when a general cash repayment is made:

- i. Repayments will be based on a percentage of total equity, or a percentage of the most recent allocation, or some combination thereof.
- ii. No cheque will be issued for less than \$10.00. Lesser amounts will remain in the member's equity account.
- iii. Members who qualify for repayment under the Overage category will have their equity paid down to \$10.00, unless the cheque amount is less than \$10.00.

**6. SPECIAL REQUESTS/OTHER CONSIDERATIONS**

a) Bankruptcy

- i. The Co-operative has no obligation to repay equity other than as specified by its bylaws as registered with the Province, nor will the Co-operative honour repayment requests of this nature.
- ii. Bankruptcy is not included as a valid reason for withdrawal or repayment, regardless of the fact that a bankrupt member may have listed its co-op equity as an asset.
- iii. Bankrupt members qualify for repayment of equity only when the conditions of one of the other equity withdrawal categories listed in this policy have been met.

b) Separation or Divorce

The following guidelines are based on the Co-op being made aware of a divorce or separation of a member. If the Co-op has not received the required transfer application and has paid out equity for another reason (i.e. moved-away or general repayment), the members of the joint membership must settle the matter between themselves.

i. Individual Members

- (a) An individual member's equity will be transferred to the spouse's membership upon the Co-operative receiving:

- (i) Proof that the individual member has legally separated or divorced and that the individual member's written authorization of the transfer, or
- (ii) A copy of the court order relating to the property division.
- (iii) If the spouse does not have a membership in the Co-operative, a membership must be acquired to transfer equity to.

(b) Joint Members

Upon proof that joint members have become legally separated or divorced, the equity will be transferred to individual memberships in the same manner as described above for requests from individual members, but, where there is no court order, the Co-operative will require both parties to sign the transfer form.

- I. Individuals/ Sole Proprietorships – The member is the sole owner of the equity. The member may transfer all or a portion of their equity to their spouse if they wish.
- II. Joint Memberships – (new joint memberships discontinued April 2014).

c) **Transfer of Shares from a Corporation to an Individual**

The Co-operative will consider applications for the transfer of a portion of equity held by a corporation to an individual. The application for transfer must be received with the proper documentation signed by the corporate signing officers. The Shareholder may be required to sign a guarantee thereby providing security for the corporation's account. A member will be eligible to transfer his/her equity out of a corporation once. This is designed to accommodate an exit strategy from the corporation or transfer a portion of the equity out when a principle shareholder intends to retire. The Co-operative will inform the corporation that there are legal and tax implications involved for the corporation that should be checked with the corporation's accountant and/or lawyer. After the equity has been transferred from a corporation to an individual membership the rules of repayment of equity will apply (over-age, estate, moved away).

d) **Dissolutions**

Repayment requests of this nature must be supported by documents authenticating the dissolution. Equity will be made payable in accordance with the directions received from the member.

- i. Sole Proprietorships - For a non-incorporated business (Joe's Plumbing) that ceases doing business, the Co-op will transfer equity from the business name to the individual behind the sole proprietorship.
- ii. Partnerships – The equity will be transferred to individual memberships according to percentages of ownership.

- iii. **Corporations** – Upon Receipt of Notice of Intent to Dissolve a Corporation that intends to dissolve, the Corporation must file satisfactory proof of its intention to dissolve with the withdrawal application. Any equity would be payable to the corporation only. It is up to the corporation to decide what to do with the equity payment. If a corporation has already dissolved but has not applied for withdrawal of its equity, any payment of equity must still be made payable to the corporation and, so it will likely be necessary for the corporation to be reinstated by the owners/directors in order to cash the cheque. This is not the Co-op's concern or responsibility.

**e) Members Requesting Cancellation of Membership / Withdrawal of Equity**

The Co-operatives Act, 1996 specifies the manner in which these requests are addressed.

**f) Transfer from One Individual to Another Individual / Name Change**

- i. Other than in the event of a divorce or separation as previously described, these will be considered on an individual basis.
- ii. Any transfer or name change requests which appear to be attempts to circumvent the normal repayment criteria (example – transfer from son to elderly parent) will not be approved.

**g) Termination by the Board of Directors**

*The Co-operatives Act, 1996*, and the bylaws of the Co-operative specify the circumstances in which the Board of Directors may terminate a membership. Only one cheque will be issued in the event of a termination, made payable to the member as listed on the membership application.

- h) Sale of a Corporation (excluding sole Proprietorships and Partnerships)** – Each shareholder can apply for a one-time payout per leaving shareholder of their shares payable to the corporation in the case of a sale of the corporation. Any application must have proper legal documentation indicating the percentage of shares being sold as well as the amount of equity being requested based on that percentage and the last equity statement provided from Saskatoon Co-op. In the case of a 100% sale and withdrawal of equity the membership will remain in the corporation's name. The Co-operative will inform the corporation that there are legal and tax implications involved for the corporation that should be checked with the corporation's accountant and/or lawyer.

**i) Compassionate Reasons**

The Board of Directors, in its absolute discretion, may approve the repayment of some or all of a member's equity for compassionate reasons, less the amount necessary to retain membership. Compassionate requests must be submitted in writing, and will be considered on an individual basis.



j) **Special Repayments / Equity Caps**

If all other types of equity repayments are current, and subject to the financial resources of the Co-operative, special equity repayments may be authorized by the Board of Directors in order to limit the maximum number of shares held by any one member.

**7. TRADING AREA**

The trading area of Saskatoon Co-op as shown in the map below, is more than 30,000 square kilometers and is based on the outside boundaries of municipalities, encompassing all communities within those boundaries, both rural and urban. Saskatchewan Rural Municipalities identified in the Saskatoon Co-op Trading area include:

<u>RM #</u>	<u>RM Name</u>	<u>RM #</u>	<u>RM Name</u>
280	Wreford	281	Wood Creek
282	McCraney	283	Rosedale
284	Rudy	285	Fertile Valley
310	Usborne	312	Morris
313	Lost River	314	Dundurn
315	Montrose	316	Harris
405	Great Bend	341	Viscount
342	Colonsay	343	Blucher
344	Cormon Park	345	Vanscoy
346	Perdue	347	Biggar
371	Bayne	372	Grant
373	Aberdeen	376	Eagle Creek
377	Glenside	401	Hoodoo
402	Fish Creek	403	Rosthern
404	Laird	406	Mayfield
434	Blaine Lake	435	Redberry
436	Douglas	463	Duck Lake
464	Leask		



