

Internal Governance By-law

_____ Housing Co-op

Adopted by the Annual General Meeting held on:



FÉDÉRATION DES COOPÉRATIVES
D'HABITATION INTERMUNICIPALE
DU MONTRÉAL MÉTROPOLITAIN



LES COOPÉRATIVES D'HABITATION
présence des femmes
pouvoir des femmes

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Introduction

A cooperative's governance by-law comprises the set of organizational and operational rules that govern its associative and democratic life.


The model governance by-law that the Federation (FECHIMM) is proposing here is meant to reflect the reality of most housing cooperatives in Quebec. FECHIMM's recommendations are the result of reflection, not only by its professionals, but also by the technical resource groups (known by the French acronym GRT) operating on the Federation's territory and by a cooperative women's committee called *Les Voisines* who were involved in the project, *Les coopératives d'habitation : présence des femmes, pouvoir des femmes*. This model by-law has also been inspired by the work of the La Collective cooperative to whom we express our sincere thanks.

This model by-law is a guide that housing cooperatives can use to create their own governance by-laws, adapting features to their specific situation.

The governance by-law is adopted and updated by the general meeting of members based on the cooperative's reality and needs and in accordance with the Canadian and Québec Charters of Rights and Freedoms, the *Civil Code of Québec*, the *Cooperatives Act* and the operating agreement with the CMHC or the SHQ, as the case may be. This model by-law reflects the 2015 amendments to the *Cooperatives Act*.

In addition, the rules of internal governance must comply with the principles of cooperative action of the International cooperative Alliance's *Declaration on the cooperative Identity*, which are:

- **Voluntary and open membership**
- **Democratic member control**
- **Member economic participation**
- **Autonomy and independence**
- **Education, training and information**
- **Cooperation among cooperatives**
- **Concern for community**

This pictogram  indicates which articles of the governance by-law can be adapted to each cooperative's specific features, within the limits of the law.

Excerpts of the cooperative's articles of incorporation

The elements reproduced here are taken from La Collective's articles of incorporation. They are reproduced in this by-law for information purposes only and for practical reasons intended to facilitate consultation.

Excerpt of the articles of incorporation (sections 7–14 and 118–121 of the *Cooperatives Act*)

Constitution of the cooperative

This cooperative is incorporated under the authority of the *Cooperatives Act*.

Name (sections 15–20)

Name of the cooperative _____

cooperative's head office (sections 33–36)

The cooperative's headquarters is located at _____

Purpose of the cooperative

The object for which the cooperative is constituted is:

Patronage refunds and payment of interest on shares (section 148)

The cooperative is prohibited from granting a patronage return or paying interest on any class of shares.

1. Definitions

In this by-law, unless the context indicates otherwise, the following terms shall have the following meanings:

General Meeting:	The members of the cooperative, called to an annual or special general meeting.
Committee:	Any committee composed of members and constituted in accordance with the cooperative's by-laws.
Board:	The board of directors of the cooperative.
Cooperative:	The _____ housing cooperative, a legal person duly incorporated under the <i>Co-operatives Act</i> , CQLR, c. C-67.2.
Act:	<i>Cooperatives Act</i> , CQLR, c. C-67.2
Law:	Any applicable law.
Member:	Any person admitted as such by the Board in accordance with the Act and the by-laws of the cooperative and who has signed a member contract and a residential lease with the cooperative.
Qualifying shares:	means prescribed shares or preference shares.
By-law:	The cooperative's by-laws adopted by the general meeting of members, including the governance by-law, general borrowing by-law, dispute mediation by-law, building by-law, the subsidy allocation by-laws (rent supplement and RGI), the selection by-law, financial policies as well as any other by-law or policy of a regulatory nature.
Federation:	The regional federation of housing cooperatives, of which the cooperative is a member.
Majority¹:	Represents 50% + 1 of the members if the total is an even number and 50% of the members otherwise.
Compulsory expenses:	Refers to expenses that are automatically incurred by the organization and that do not necessarily result from a purchase (e.g. taxes, hydro, insurance, mortgages).
Discretionary expenses:	Refers to expenditures that the organization has the option to make or not make, and to decide when to make them (e.g. maintenance supplies, office equipment, etc.).

¹Uneven: 27 members are attending a general meeting (GM). The majority represents (50% of 27 = 13.5; so the majority = 14 votes).
Even: 30 members are attending a GM. The majority represents (50% + 1 out of 30 = 15 + 1; so the majority = 16 votes).

2. Social capital

2.1 **Qualifying shares (sections 38.3 and 41)²**

To become a member, each person pays for forty (40) shares at a unit price of ten (10) dollars each, for a total amount of four hundred dollars (\$400).

2.2 **Member shares payment methods (section 38.3 paragraph 2)**

Member shares shall be paid at the rate of ten dollars (\$10) per month, until full payment is made, within a maximum period of forty (40) months. However, the member may, at any time, pay within a shorter period of time.

2.3 **Repayment of member's shares (sections 38 to 38.2, 44 and 45)**

Subject to the restrictions set out in Section 38 of the Act, member shares shall be reimbursed based on the date of receipt of applications for reimbursement.

The member must make any request for reimbursement in writing within twelve (12) months of ceasing to be a member. If the member, his or her heirs or beneficiaries do not claim the reimbursement of the amount paid for his or her shares within this period, the cooperative shall retain said amount.

2.4 **Transfer of shares (section 39)**

Member shares are nominative and are only transferable with the approval of the Board upon written request by the holder.

2.5 **Confiscation of shares (section 27 paragraph 6)**

In accordance with Section 27(6) of the Act, the cooperative reserves the right to confiscate a member's shares to offset any claim it may have against the member, including arrears of rent or sums due for damages to the unit, up to the amount of the claim.

²The number of shares and the payment terms set out in points 2.1 and 2.2 of this model is a recommendation by FECHIMM which assumes that the cooperative is in a position to adequately monitor the payment of shares using a register. It is intended as an incentive for the member to properly maintain his or her unit and not be in debt to the cooperative.

3. Member

3.1 Admission requirements (sections 51 and 221.1)

To be admitted as a member of the cooperative, a person must comply with the requirements set out in sections 51 and 221.1 of the Act, which stipulate:

- 1) Be able to effectively use the services of the cooperative
- 2) Apply for admission, except in the case of a founder
- 3) Purchase the required qualifying shares and pay for them in accordance with the regulations
- 4) Agree to abide by the rules of the cooperative
- 5) Be admitted by the Board, except in the case of a founder
- 6) Be a party to a lease of a unit owned by the cooperative.

3.2 Number of members per unit (section 221)

The cooperative admits only one member per unit.³

3.3 Resignation, suspension, expulsion

3.3.1 Resignation (section 55)

A member may resign by giving 30 days written notice to the Board. However, the Board may accept a resignation before the expiry of the time limit.

3.3.2 Suspension and expulsion (section 57)

3.3.2.1 Definition of suspension

Suspension is essentially a temporary sanction. Its impact on the rights of the member concerned during its duration may vary. Note that since the Co-operatives Act was amended in April 2015, the Board of Directors is also able to suspend one of its members.

The **duration** of the suspension is therefore **temporary**. It is for the Board of Directors to determine the duration in its decision, in light of the seriousness of the alleged acts and all the circumstances in question.

During the period of his or her suspension, the **member** shall in principle be **deprived of all the rights** conferred on him or her by virtue of his or her status as such; however, the **Board of Directors may decide otherwise and specify in its decision the extent of the rights that the member may continue to enjoy during that period**. At the end of his or her suspension, the member is fully reinstated in all his or her rights as a member.

3.3.2.2 Definition of expulsion

The penalty of expulsion, for its part, has the effect of causing the complete and definitive rupture of the associative relationship between a member and his or her cooperative.

Beyond the nature of the grounds that may be invoked in support of a sanction, it should be noted that, in order to justify the imposition of a sanction, the contraventions or breaches must be of a minimum degree of seriousness and severity. For example, the mere failure of a member to attend a general meeting of the cooperative could not reasonably justify the imposition of a penalty of suspension, let alone expulsion. A written warning and a reminder of the member's commitment is certainly the most appropriate action in the context of a minor contravention.

3.3.2.3 Grounds

In addition, the severity of the penalty imposed on a member must be proportionate to the seriousness of the alleged misconduct. In determining the penalty, account must be taken of the seriousness of the breach, whether or not it is repeated, and the damage caused to the cooperative.

For example, the board may suspend or expel a member in the following cases:

- 1) If he or she is not a user or does not use the cooperative's services
 - 1.1) If he or she is no longer capable of using the cooperative's services⁴
- 2) If he or she does not comply with the cooperative's rules
- 3) If he or she has not paid his or her qualifying shares in accordance with the payment terms set out in the by-law
- 4) If he or she is stripped of his or her qualifying shares
- 5) If he or she does not fulfil his or her commitments to the cooperative⁵
- 6) If he or she fails, during a fiscal year, to conduct business with the cooperative for the amount determined by by-law
- 7) If he or she carries on an activity that competes with that of the cooperative

However, the Board may not expel a member who is a director before his or her term as a director has been revoked (see section 5.2.2 of this by-law).

⁴The cooperative's duty to reasonably accommodate a member who is in default under this article due to deterioration of his or her health (disability) or age must be taken into account. For more information, see the Commission des droits de la personne et des droits de la jeunesse.

⁵Same as above.

3.3.3 Procedure (section 58)

Before deciding on the suspension or expulsion of a member, the Board shall notify the member in writing of the reasons for the suspension or expulsion and of the place, date and time of the meeting at which the Board of Directors will render its decision. Such notice must be given within the same period of time as that provided for convening the meeting.

The member may, at that meeting, object to his or her suspension or expulsion by making representations at the meeting or by delivering a written statement to be read by the chairperson of the meeting. In addition, the member may be accompanied (by a lawyer or other support person) to this meeting.

The decision is taken by a two-thirds majority of the votes cast by the directors present.

Within 15 days of the decision, the cooperative shall send the member written notice of the suspension or exclusion, with reasons, which shall take effect on the date specified in the notice.

3.3.4 Duration of suspension (section 59)

A member may not be suspended for more than six months.

3.3.5 Loss of rights (section 60)

Despite the non-repayment of his or her shares, a member who has resigned or been expelled loses all his or her rights as a member.

A member who has been suspended loses all his or her rights as a member for the duration of the suspension unless the Board decides otherwise.

4. General Meeting

4.1 General Meeting

All general meetings shall be held at the place, on the date and at the time set by the Board, subject to the provisions of sections 77, 78 and 85 of the Act.

4.2 Notice of meeting (sections 65 and 123)

Notice of a meeting shall be given in writing to each member at least ten (10) days before the scheduled date.⁶ The notice may be sent by mail, by e-mail if the member concerned uses one, or directly to the mailbox.

The notice of meeting must clearly indicate the place, date and time of the meeting and the agenda, and be accompanied, if applicable, by a copy or summary of any proposed by-law on the agenda.

4.3 Quorum

At any meeting, a quorum shall consist of _____% of members.⁷

4.4 Votes (section 68)

A member is entitled to only one vote, regardless of the number of shares he or she holds.

4.5 Power of Attorney (section 69)

A member may authorize in writing his or her spouse or child of full age to participate in the deliberations of the meeting in his or her absence and to vote in his or her place unless the spouse or child is already a member.

For the purposes of this section, “spouse” means a person bound by marriage or civil union who is cohabiting and persons of different or the same sex who have been living together in a conjugal relationship for at least one year.

4.6 Vote

Voting shall be by a show of hands, however, a secret ballot shall be given if requested by any member present.

4.7 Decisions (section 72)

Decisions are made by a majority of the votes cast by the members present.

In the event of a tie vote, deliberations may be resumed, the decision may be postponed, or other measures may be taken to resolve the tie.

In the event the vote is still tied, the cooperative's president shall have a casting vote.

For the election of a director, in the event of a tie, the election officer shall not have a casting vote.

⁶Section 64 of the Act specifies: “Unless otherwise provided by by-law, the members and representatives attending a general meeting constitute a quorum.”
The by-law must stipulate whether or not there is a quorum. FECHIMM recommends a quorum of 50% of members for cooperatives with 25 units or less and 33% for cooperatives with more than 26 units.

4.8 Chair and secretary of the meeting

The general meeting appoints a chairperson and a secretary of the meeting.

4.9 Annual meeting (section 76)⁸

The annual meeting of members must be held within six (6) months of the end of the fiscal year. Members are convened to:

- 1) Hear the auditor's report and the annual report
- 2) Decide on the apportionment of the surplus earnings or operating surplus
- 3) Elect the directors
- 4) Appoint the auditor
- 5) Fix the attendance allowance, if any, of the members of the board of directors or of the executive committee
- 6) Determine the remuneration, if any, of the secretary or the treasurer where they are also members of the board of directors
- 7) Make all decisions reserved to the annual general meeting pursuant to this by-law
- 8) Take part in a question period on any matter within the competence of the meeting

If the cooperative fails to hold the annual meeting of its members within the time limit, the board of directors of the federation of which the cooperative is a member may call that meeting. The cooperative reimburses the federation for the expenses it incurred to hold the meeting.

4.10 Documents (section 76.1)

A copy of the auditor's report and a copy of the minutes of the last meeting shall be distributed or made available at the annual meeting.

4.11 Special meeting (section 77)

The Board, the president of the cooperative or the board of directors of the federation of which the cooperative is a member may call a special meeting when they deem it advisable.

The Board must also decree the holding of a meeting at the request of one quarter (1/4) of the members. The motion must state the matters for which a special meeting is requested to be held.

The secretary of the cooperative must, in each case, call a special meeting.

⁸If the quorum prescribed by regulation is not present, the meeting may be reconvened. If a quorum is not then present, this second meeting may be validly held and must deal with the same matters as indicated in the first notice of meeting.

4.12 Convening of the special general meeting (section 78)

If the meeting is not held within 21 days of the date of the request made by the federation or by the members, the federation or two (2) signatories to the request made by the members, as the case may be, may convene the meeting.

4.13 Subject matter for the special general meeting (section 79)

Only the subjects mentioned in the notice of meeting may be the subject of deliberations and decisions at a special meeting. The notice must, where applicable, reproduce the subjects indicated in the request and specify those that may be the subject of deliberations and decisions by the general meeting.

4.14 Number of general meetings per year

In addition to the annual meeting, the members will meet in a special meeting as often as required for the proper functioning of the cooperative.

5. Board of directors

5.1 Eligibility (section 81)

A director may be any member of the cooperative or any representative of a legal person or partnership that is a member of the cooperative.

However, no employee of the cooperative may be elected as a director of a solidarity cooperative that has worker members or worker members.

5.2 Ineligibility of members (section 82)

A member is ineligible to be a director if he or she has not paid the instalments due on his or her shares or any other amount due, whether as rent or otherwise.

In any election to fill a vacancy on the board of directors or appointment process to fill a vacancy on the board, any member who is ineligible and who is proposed or considered for election as a director shall be required to declare himself or herself ineligible and refuse the appointment.

5.3 Incapacity to hold office as a director

A member is incapable of holding office as a director for any reason provided by law, including those listed in articles 327, 329 and 330 of the Civil Code of Québec. If during the term of office, the person becomes incapacitated, he or she is required to promptly declare this in writing to the Board. His or her term of office shall then automatically come to an end without the need to initiate any revocation or removal proceedings against him or her.

5.4 Composition of the board (section 80)

The board is made up of _____ directors.

In order to promote the participation of women, it is suggested to aim for parity between men and women on the Board. In addition, in an effort to represent the diversity of the cooperative and to counter systemic barriers, it is also suggested that diversity nominations be encouraged.

5.5 Power of Attorney (section 69)

The duration of a director's term of office is two (2) years.⁹ At the end of his or her term of office, a director remains in office until he or she is re-elected or replaced.

⁹The term of office of a director is a maximum of 3 years.

5.5 Power of Attorney (section 69) (cont'd)

The cooperative has put in place a rotation system at the end of directors' terms of office that applies as follows:

a) In odd-numbered years, _____ directors shall complete their term of office.

b) In even-numbered years, _____ directors shall complete their term of office.

A cooperative member shall complete the term of office of the director being replaced.

In order to facilitate and encourage everyone's participation and to promote knowledge transfer and succession, it is suggested that there be some rotation on the board of directors.

5.6 Resignation (section 86)

A director may resign his or her office by giving written notice to the board.

The resignation of a member shall result in his or her forfeiture of his or her position as a director, where applicable.

5.7 Vacancy to be filled (section 85)

In the event of a vacancy, the directors may appoint an eligible person as a director for the unexpired term. Failing this, the vacancy may be filled at a general meeting.

However, if the number of directors remaining in office is not sufficient to form a quorum, one director, two (2) members of the cooperative or the board of directors of the federation of which it is a member may direct the person who is secretary to call a special meeting to fill such vacancy.

If the secretary fails to act, those who may order the meeting to be held may convene it.

The cooperative shall reimburse the persons who called the meeting for reasonable expenses incurred in holding the meeting.

5.8 Notice of change (section 88)

Within 15 days following any change in the composition of the board of directors, the cooperative must give notice of such change by filing a declaration to that effect in accordance with the *Act respecting the legal publicity of enterprises*.

5.9 Procedure for the election of directors¹⁰

The meeting shall appoint an election officer and one (1) scrutineer from among those present at the meeting. After agreeing to act in this capacity, these two persons agree not to be nominated or to exercise their right to vote. The election proceeds as follows:

- 1) The election officer reads out the names of retiring directors and, if applicable, the vacancies caused by resignation or dismissal.
- 2) The election officer sets out the criteria for ineligibility to serve on the Board of Directors and suggests to candidates who would be ineligible to refuse a nomination at the end of the nomination process.
- 3) In the interest of transparency, the election officer asks candidates whether they are related to another candidate. The candidates concerned must declare this fact to the meeting.
- 4) The election officer accepts nominations.
- 5) Nominations shall be closed on a proposal duly seconded and uncontested.
- 6) The election officer shall ensure that each candidate agrees to be nominated for election; any refusal to stand automatically eliminates the candidate.
- 7) After this elimination, if there are more persons who are candidates than there are vacant seats, there is an election. On the other hand, if the number of persons nominated is equal to or less than the number of vacant seats, each is elected if he or she obtains, following a secret ballot, the vote of confidence of the majority of the members present.
- 8) If there is an election, a secret ballot shall be held.
- 9) A ballot is given to each member present who enters the name of one or more candidates of his or her choice according to the number of positions to be filled.
- 10) The scrutineer collects the ballots and counts them with the election officer; the candidates with the most votes are elected.
- 11) In the event of a tie, the ballot shall be repeated only between the tied candidates.
- 12) The election officer proclaims the newly elected directors, without however giving the result of the vote, which remains secret.

¹⁰According to the Act, at section 72, paras 1 and 2 :

Decisions are taken by a majority of the votes cast by the members present. . . . In the election of a director, the election officer, if he is a member of the cooperative, also has a casting vote, unless otherwise provided for in the by-laws."

Comment: The by-law should provide a procedure for electing the directors. However, it is up to the members of the cooperative, when adopting this by-law, to choose whether or not they want to maintain the casting vote of the election officer. We do not recommend this practice, which can lead to unnecessary tension. In the event of a tie, it is preferable to proceed to a second round of elections, as proposed above.

5.10 Powers of the Board (section 89, paras 1, 3 and 4)

The Board has full power to administer the affairs of the cooperative.

However, the Board may not borrow, mortgage, or otherwise give as security the property of the cooperative or property delivered to the cooperative by members or, as the case may be, by auxiliary members without being authorized to do so by a by-law adopted by two thirds (2/3) of the votes cast by the members or representatives present at a general meeting.

The Board may not sell, lease or exchange all or substantially all of the cooperative's property, outside the normal course of business, without being authorized to do so by a by-law adopted by three-quarters (3/4) of the votes cast by the members or representatives present at a general meeting.

5.11 Authorization of the meeting (section 89, paragraph 2)

The Board may not, without the general meeting's prior authorization, exercise the following powers:

- 1) Sell, lease, exchange or otherwise transfer, in whole or in part, a property or properties owned by the cooperative
- 2) Demolish an apartment building or a section of an apartment building owned by the cooperative
- 3) Borrow, mortgage, or otherwise give as security the property of the cooperative
- 4) Change the typology of the units belonging to the cooperative or their residential destination
- 5) Unless there are exceptional and urgent circumstances, incur non-budgetary non-mandatory expenses greater than or equal to \$1,500¹¹
- 6) Approve the annual budget and rental scale
- 7) Designate responsible persons to be entrusted with the custody of the keys to the units in case of emergency

5.12 General Manager or Manager (Section 90, paragraph 1)

The Board is exempted from the obligation to appoint a general manager or manager.¹²

¹¹This amount can be revised according to the needs of the cooperative in terms of efficiency and transparency with regard to the budget.

¹²Depending on its operating agreement, the cooperative may not be able to hire a managing director or manager.

5.13 Insurance (section 90, para 2)

The Board must provide the cooperative with all-risk insurance (buildings, property and furniture), including the replacement cost clause and insurance covering civil liability and directors' and officers' liability in the performance of their duties.

5.14 Duties of the Board (section 90 paragraphs 3, 4, 4.1, 4.2, 5, 6, 7, 7.1 and 8)

In particular, the members of the board of directors must, on pain of possible dismissal in accordance with article 5.22:

5.14.1 act personally within the limits of their powers, that is to say:

- a) defend the interests of the cooperative and all its members
- b) comply with the Act and the articles and by-laws of the cooperative
- c) coordinate and supervise the activities of the cooperative, taking into account the proposals received from the General Meeting
- d) circulate any information that may be of interest to members
- e) respect the budget adopted by the General Meeting

5.14.2 be prudent and diligent, that is to say:

- a) by being attentive and careful to manage their tasks with care and wisdom
- b) participating in all meetings of the Board
- c) making adequate and sufficient enquiries before taking action
- d) avoiding doing alone anything that is beyond their competence
- e) monitoring the interests of the cooperative
- f) being vigilant and watchful in the selection and supervision of employees
- g) not committing imprudent or reckless acts
- h) acting as soon as a wrongful or fraudulent act is suspected or discovered
- i) requesting a minimum of three (3) bids from suppliers for any discretionary expenses exceeding \$1,500.¹³ before committing the cooperative or allocating the contract.

¹³This amount may be revised according to the needs of the cooperative in terms of efficiency and transparency.

5.14.3 be honest, loyal and fair, that is to say:

- a) acting in good faith, in the best interests of the cooperative and not in their personal interest
- b) by avoiding any influence peddling of close persons (relatives, friends, business relations, etc.) hindering their task as a member of the Board
- c) not abusing their powers but respecting the rights of the members of the cooperative
- d) encouraging cooperative training for members, the Board and employees of the cooperative and promoting public information on the nature and benefits of cooperation.
- e) accepting or rejecting new members
- f) making appropriate decisions, at the risk of displeasing the members
- g) preserving and growing the assets of the cooperative.

5.14.4 avoiding conflicts of interest, that is:

- a) ensuring that the interests of the cooperative must always be paramount
- b) not mixing the cooperative's property with their personal property and not using the latter for their own purposes
- c) by not disclosing information held by virtue of their position as a member of the Board without the Board's written authorization
- d) by not using any inside information for their personal benefit
- e) supporting cooperation among members, between members and the cooperative, and between the cooperative and cooperative organizations.

5.14.5 be transparent and accountable to the cooperative, in other words:

- a) reporting on their financial and administrative management through the presentation of their annual report
- b) respecting the will of the members or other persons/organizations that support the cooperative
- c) making proposals to the General Meeting concerning the allocation of excess or surplus income, taking into account the forecast for the repayment of shares contained in the annual report
- d) recommending and facilitating the appointment of an auditor
- e) providing the Minister, if he or she requests it, with a copy of the cooperative's by-laws and any information and documents that the Minister may require in connection with the administration of the Act.

5.14.6 be transparent and accountable to the cooperative, in other words:

- a) complying with the Act respecting the protection of personal information in the private sector
- b) ensuring that information obtained from members is relevant to the objects of the cooperative and that it has been lawfully collected (from the member himself or herself or from a third party with the member's written permission)
- c) identifying a secure padlocked location for the custody of records and informing members of its location
- d) advising members that they have a right of access to their records held by the cooperative
- e) keeping for a minimum of three (3) years the records of members who have left the cooperative (a member has three (3) years to file a request with the Access to Information Commission)
- f) signing before a witness an affidavit certifying that the record of a member has been destroyed and making a formal written statement to the Board to that effect
- g) ensuring the accuracy of what is written on the file (you may have an impression, in which case you should write that it is an impression) If what a member says is written down, it should be quoted as coming from the member
- h) allowing members access to their file at any time and correcting a member's file at his or her request (the cooperative will have thirty (30) days to respond to such a request—after which a member is entitled to legal recourse)
- i) notifying a member in advance that a third party wants to receive information about them and obtaining the written consent of that member to disclose that information, except where the Act permits such disclosure without consent (Crown attorneys, counsel, provincial public agencies, etc.)

5.15 Management policies

The Board of Directors must adopt the management policies necessary for the proper operation of the cooperative.

5.16 Meetings of the Board (section 92) 

The Board meets as often as the interests of the cooperative require. It must, however, hold a minimum of _____ meetings during the year. The Board meets when convened by the president or by two directors.

Notice of a meeting of the Board must be given in writing at least ___ days before the date of the meeting. This notice shall state the place, date and time of the meeting.

In addition, a copy respecting confidentiality must be sent to all members of the cooperative.

In case of urgency, this period may be reduced to twenty-four (24) hours and the notice of meeting may be given verbally. It is then up to those convening such a meeting to assess the urgency of the situation.

5.17 Quorum (section 93)

A quorum of the Board shall be a majority of the number of directors determined in this by-law.

Decisions of the Board are made by a two-thirds majority of the votes cast by the directors present. In the event of a tie, the chair of the meeting, if he or she is a member, shall have a casting vote.

5.18 Closed meeting

All meetings of the Board shall be held in camera, unless otherwise determined by the Board.

The fact that a person is admitted to attend or participate in a meeting of the Board does not have the effect of granting him or her any right to consult or obtain a copy of the minutes of such meeting and any resolutions that were passed.

5.19 Approbation (section 97)

A director present at a meeting of the Board shall be deemed to have acquiesced in any resolution passed or any action taken while present at the meeting, except as follows:

- a) If he or she requests at the meeting that his or her dissent be recorded in the minutes
- b) If he or she notifies the secretary of the meeting in writing of his or her dissent prior to the adjournment or adjournment of the meeting.

5.20 Personal participation

Under no circumstances may a director be represented or voted by proxy at a meeting of the Board.

5.21 Inspection of minutes (sections 124 and 127)

In accordance with sections 124 and 127 of the Act, only the directors and officers of the cooperative are allowed to consult the minutes of meetings and the resolutions of the Board. However, upon request and acceptance by the Board of Directors, members of the cooperative may consult a version respecting the provisions of the *Act respecting the protection of personal information in the private sector* of the minutes of meetings and resolutions of the Board.

5.22 Removal of a director (sections 99 and 101)

5.22.1 Dismissal (section 99)

A director may be removed from office by the members entitled to elect him or her at a special meeting to which only those members are called.

5.22.2 Dismissal procedure (section 101)

A director may not be removed from office at a special meeting unless he or she has been informed in writing, within the time limit prescribed for convening the meeting, of the reasons for his or her removal and of the place, date and time of the meeting.

A director may, at that meeting, object to his or her removal by making representations at the meeting or by transmitting a written statement read by the chairperson of the meeting.

5.23 Code of ethics

The Board must adopt a Code of Ethics to which all directors and officers must adhere. A confidentiality clause must be signed by all Board members.

6. Executive officers of the cooperative (section 112.1)

The officers of the cooperative are the president, vice-president, secretary and treasurer.

All directors are responsible for the safekeeping of the cooperative's portfolio, funds and books of account. They shall ensure the preservation of the values and supporting documents of the cooperative. They are responsible for ensuring that proper books of account are kept and that the financial statements are presented at the Meeting. They must ensure that all books are subject to inspection and audit.

During their term of office and even afterwards, the cooperative's directors must ensure the confidentiality of the matters dealt with by the Board.

The additional tasks set out in Article 6.1 of this by-law are not limitative. Administrators may state and share among themselves and among themselves any other tasks.

6.1 Roles of the officers (section 117)

President

The president's role is to:

- a) act as a signatory, together with any other person designated by the Board for that purpose
- b) ensure that all useful information is given to directors and members prior to Board and meeting meetings
- c) ensure that important issues and questions about the cooperative are on the agenda for Board meetings or general meetings
- d) ensure that the Board acts in accordance with the law and ensure compliance with the cooperative's by-laws, regulations and policies
- e) follow up on the implementation of decisions made by the General Meeting and Board.

Vice-President

The vice-president's role is to:

- a) in the absence or inability to act of the president, exercise the president's powers and perform the president's functions
- b) assist the president in his or her various functions
- c) support the activities of the various committees, in particular by remaining available to answer their questions, by providing them with the necessary support to carry out their mandate and by informing the Board of their needs and the difficulties they encounter.

Secretary

The secretary's role is to:

- a) be responsible for taking minutes of meetings and Board meetings
- b) be responsible for the keeping and custody of the register and archives of the cooperative and ensuring that the documents of the cooperative are filed and kept in the register
- c) act as a signatory, together with any other person designated by the Board for that purpose
- d) receive the cooperative's correspondence, report on it to the Board and ensure follow up
- e) give notice of meetings and meetings of the Board in the form and within the time prescribed by the regulations and the Act
- f) be ex officio secretary of the Board and transmit to the various public and governmental bodies the documents required by law
- g) perform any other duties inherent in his or her functions.

Treasurer

The role of the treasurer is to:

- a) be responsible for the financial management of the cooperative and, if applicable, act as the head of the finance committee
- b) maintain custody of the portfolio, funds and books of account
- c) ensure the preservation of the values and supporting documents of the cooperative
- d) be responsible for the keeping of the books of account and the presentation of the financial statements to the Board and the General Meeting
- e) ensure that the Board has on hand periodic financial reports on the cooperative's financial position
- f) forecast cash flow requirements and submit them to the Board;
- g) prepare, with the other members of the Board, the budget forecasts and see to the preparation of the annual financial balance sheet of the cooperative
- h) submit the books in his or her custody to an audit as stipulated in the Act.

Advisors

The role of the treasurer is to:

- a) act as the head or liaison officer of a committee of the cooperative
- b) be responsible for the transmission of the Committee's reports and recommendations to the Board of Directors and for communications between the two bodies
- c) carry out any mandate that may be entrusted to them by the Board of Directors

7. Committees

7.1 Creation of committees

The Board or the General Meeting may establish management committees and determine the committees' specific terms of reference. Committee members are elected in the General Meeting.¹⁴

To ensure the smooth operation of the cooperative, the board of directors may form committees and specify their mandate between general meetings. A new committee must be ratified at the next General Meeting.

- a) The Board of Directors shall consider the requests and recommendations of the committees. It must also supervise their work and make specific requests to them when necessary, between General Meetings.
- b) Committees may act within their terms of reference. However, any decision may be reviewed by the General Meeting or the Board of Directors.
- c) Committee members are not agents of the cooperative and cannot act on its behalf.

7.1.1 Selection committee

The selection committee is responsible for recruitment, selection of members and allocation of housing, as well as welcoming new members. The Committee has a power of recommendation to the Board of Directors concerning the selection of new members, allocation of housing and housing subsidies.

The selection committee of the cooperative is made up of a minimum of five (5) members, including at least one woman.¹⁵ The committee operates with a quorum of 50% +1.

The general meeting elects the members of the committee and appoints the head of the committee and the substitute members. The term of office of the members of the Committee is _____.¹⁶

7.1.1.1 Composition

The Committee is composed of a minimum of three (3) members and a maximum of five (5) members, one of whom is a member of the Board of Directors.

These persons are elected at the annual general meeting or, in case of vacancies, by the general meeting.

¹⁴The election of committee members is not mandatory, except for the selection committee; in accordance with the regulation on the allocation of low-rental housing, the members of the selection committee of a cooperative that administers rent supplement or shelter allowance subsidies must be elected at a general meeting.

¹⁵If a cooperative has a diversity of members, for example cultural or intergenerational, it is advisable to try to represent that diversity on the committee. We also suggest having a concern for gender equality in the composition of the committee.

¹⁶In order to facilitate everyone's participation and knowledge transfer, it is suggested that terms be for two years and that there be mandatory rotation every two years for half of the committee, so that a person cannot be a member of the committee for more than four consecutive years.

7.1.1.2 Term of office

The members of the selection committee are elected for a term of one (1) year. In the event of a vacancy due to resignation or otherwise, the head of the selection committee shall ensure that at the next general meeting an election is held to elect a new member.

7.1.1.3 Election procedure for selection committee members

The meeting shall appoint an election officer and one (1) scrutineer from among those present at the meeting. After agreeing to act in this capacity, these two persons agree not to be nominated or to exercise their right to vote. The election is thus conducted in two stages, as appropriate:

- The chair reads out the names of retiring selection committee members and, if applicable, the vacancies caused by resignation or dismissal.
- The chair accepts nominations.
- Nominations shall be closed on a proposal duly seconded and uncontested.
- The chair ensures that each candidate agrees to be nominated for election; any refusal to stand automatically eliminates the candidate.
- After this elimination, if there are more persons who are candidates than there are vacant seats, there is an election. On the other hand, if the number of persons nominated is equal to or less than the number of vacant seats, each is elected if he or she obtains, following a secret ballot, the vote of confidence of the majority of the members present.
- If there is an election, a secret ballot shall be held.
- A ballot is given to each member present who enters the name of one or more candidates of his or her choice according to the number of positions to be filled.
- The scrutineer collects the ballots and counts them with the election officer; the candidates with the most votes are elected.
- In the event of a tie, the ballot shall be repeated only between the tied candidates.
- The election officer proclaims the newly elected members, without however giving the result of the vote, which remains secret.

7.2 Operating rules

The Board approves the rules of organization and operation of each committee.

7.3 Confidentiality of committee minutes (sections 124 and 127)

Committee members and directors are entitled to consult the minutes of committee meetings. Upon request, other members of the cooperative can see a version of the minutes of committee meetings that respects the confidentiality of members.

8. Other provisions

8.1 **Fiscal year (section 130)**

The cooperative's fiscal year begins on ____ of each year and ends on _____.

8.2 **Content of the annual report (section 132)**

Within six months after the end of the fiscal year, the Board shall prepare an annual report which shall contain, among other things:

- 1) The name and domicile of the cooperative, as well as any other name by which it identifies itself
- 2) Names of the directors and officers
- 2.1) The statement that the members have agreed, for this exercise, not to elect directors, if applicable (sections 61 to 62.2)
- 3) Number of cooperative members
- 4) The financial statements for the last fiscal year
- 5) The auditor's report
- 6) The date of the annual meeting
- 7) The number of persons employed by the cooperative if any
- 8) The name of the Federation to which the cooperative is affiliated, if applicable
- 9) Any other information required by regulation

8.2.1 **Other required elements to be included in the annual report (section 221.2.2)**

- 1) The number of housing units owned by the cooperative
- 2) The date of the last inspection, the status of the maintenance and preservation work carried out on the building and the budgets related to the five-year planning process
- 3) The inspection report submitted by the expert as part of the five-year plan

8.3 **Transmission of the annual report (section 134)**

Within 30 days after the annual meeting, the Board sends a copy of the annual report to the Minister and to the federation of which the cooperative is a member.

8.4 Obligation to maintain and preserve the building (section 221.2.3)

The Cooperatives shall:

- 1) Establish an adequate reserve to ensure the sound and prudent management, maintenance and preservation of the buildings.
- 2) Appoint an auditor in accordance with the second paragraph of section 135.
- 3) Have an inspection of the property carried out by an appraiser at least every five years and present the appraiser's report at the cooperative meeting following its submission.
- 4) Prepare a five-year plan for the maintenance and preservation of the building and related budgets.
- 5) In addition to the requirements set out in section 132, report in its annual report on the date of the last inspection of the building, the maintenance and preservation work carried out and the budgets related to the five-year plan.
- 6) Preserve the social or community vocation of the building (section 221.2.4).

8.5 Prohibition on the sale of property without the authorization of the Minister (section 221.2.5)

The Act prohibits the sale of a building constructed, acquired, restored or renovated under a housing assistance program without the approval of the Minister responsible for the *Co-operatives Act*.

Any action taken in violation of this section of the Act (sections 221.2.3 to 221.2.10) is absolutely null and void (section 221.2.8). In addition, such illegal sale of the cooperative's immovable property constitutes an offence (section 246.1 paragraph 4) punishable by fines. In addition to the fines provided for in the Act, a judge may impose an additional fine equivalent to the value of the property that is the subject of the offence (section 248.1).

Also, anyone who, by act or omission, assists a person to commit an offence under the Act or, by encouragement, advice, consent, authorization or order, induces a person to commit it, commits the offence himself or herself (section 247).

The Attorney General may apply to the Superior Court for an order to stop any act or transaction (section 221.2.9) undertaken or continued without the authorization of the Minister. The request of the Attorney General shall be heard and decided as a matter of urgency.

8.6 Use of mediation (sections 221.2.1 and 54.1) 

In order to promote the resolution of disputes that may arise between the cooperative and a member, the cooperative must adopt, at a meeting, a by-law that determines the terms and conditions for recourse to mediation.

Entry into force

This by-law enters into force on _____. It cancels and replaces any previous internal operating rules.

President of cooperative

Secretary of the cooperative

¹⁷It is suggested that this by-law include a mediation committee composed of at least one man and one woman.