



Province of Alberta

RURAL UTILITIES ACT

RURAL UTILITIES REGULATION

Alberta Regulation 151/2000

With amendments up to and including Alberta Regulation 84/2018

Office Consolidation

© Published by Alberta Queen's Printer

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Note

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(Consolidated up to 84/2018)

ALBERTA REGULATION 151/2000

Rural Utilities Act

RURAL UTILITIES REGULATION

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Definitions

1 In this Regulation,

- (a) “Act” means the *Rural Utilities Act*;
- (b) “board” means the board of directors of an association;
- (c) “Director” means the appropriate Director as defined in the Act;

- (d) “reserve account” includes the deposit reserve account of a rural electrification association.

Forms and fees

- 2(1)** The forms in Schedule 1 are the forms prescribed for the purposes of the Act.
- (2)** The fees in Schedule 2 are the fees payable to the Registrar for services under the Act.

By-laws

- 3** The by-laws in Schedule 3 are the standard by-laws for associations.

Corporate name

- 4** In addition to complying with the Act, the name of an association must comply with the requirements of the *Cooperatives Regulation* (AR 55/2002).

AR 151/2000 s4;109/2008

Registered office

- 5(1)** An association must at all times have a registered office in Alberta.
- (2)** Notice of the address of the registered office must be given to the Director at the time of application for incorporation.
- (3)** The board of an association may change the address of the registered office and notice of the change must be filed with the Director within 15 days from the day that the change becomes effective.
- (4)** The address for service by mail on an association is the latest address of the registered office filed with the Director.

Functions and duties of the auditor

- 6(1)** The auditor is to make a report to the members
- (a) on the results of the audit with respect to the reserve account, and
 - (b) on the financial statement of the association

and that report must be laid before the membership at an annual meeting of the association.

(2) The auditor's report must include the auditor's opinion as to whether the financial statement referred to in the report presents fairly, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period, if any, the financial position of the association and the results of the association's operations for the period under review.

(3) The auditor, in the auditor's report, must also make any statements the auditor considers necessary in any case where

- (a) a financial statement is not in agreement with the accounting records,
- (b) a financial statement is not in accordance with the requirements of the Act,
- (c) the auditor has not received all the information or explanations that the auditor has required, or
- (d) the auditor's examination indicates that proper accounting records have not been kept.

AR 151/2000 s6;109/2008

Auditor at meetings

7(1) The person responsible for giving notice of meetings of an association must notify the auditor of all general and special general meetings of the association.

(2) If

- (a) at least 10% of the members of an association notify the association in writing at least 7 days before a meeting of its members that they wish the auditor of the association to attend the meeting, or
- (b) the Director advises the association that the Director wishes the auditor of the association to attend the next meeting of the association's members,

the association must forthwith request the auditor to attend the meeting, and on being so requested the auditor must attend the meeting.

Minimum amount of reserve

8 The Minister may, for each association, establish the minimum amount to be maintained in the reserve account required under the Act for the purposes of replacement, extension or increase in capacity of the works of the association.

Uses of reserve

9(1) The reserve account may be used for the following purposes:

- (a) to provide funds for the partial or total replacement of the association's works;
- (b) to provide funds for the extension, improvement or upgrading of the association's works as required from time to time;
- (c) to meet any demand under an agreement made pursuant to subsection (2);
- (d) any purpose not referred to in clauses (a) to (c) that is prescribed by a supplemental by-law.

(2) On terms and conditions approved by the Director, an association may enter into a reciprocal agreement with one or more other associations supplying the same type of utility service whereby a portion of each reciprocating association's reserve account is available to the other reciprocating association as an emergency fund for the replacement or reconstruction of works damaged by abnormal weather or other natural causes.

Investment of reserve

10(1) Where an association maintains its own reserve account, the board must invest the money in the account in the following:

- (a) bonds, debentures and other forms of indebtedness of or guaranteed by the Government of Canada or the government of any province;
- (b) bonds, debentures and other forms of indebtedness of an agent of the Crown in right of Alberta;
- (c) certificates of deposit, deposit receipts and other deposit instruments offered by a bank, treasury branch, trust company or credit union in Alberta;
- (d) any form of investment not referred to in clauses (a) to (c) that is approved by a supplemental by-law.

(2) Repealed AR 109/2008 s4.

(3) Notwithstanding subsection (1), an association that owns a rural gas utility may invest money referred to in subsection (1) in shares and subordinated debt instruments, or either of them, issued by Gas Alberta Inc.

AR 151/2000 s10;109/2008

Distribution of reserve

11 Subject to section 15, the board may, with the approval of the Director, authorize the distribution of all or part of the reserve account

- (a) in accordance with any by-laws of the association that provide for a distribution of the reserve account, or
- (b) where there are no by-laws referred to in clause (a), equally among the members of the association.

AR 151/2000 s11;109/2008

Loans or guarantees by associations

12 An association may make loans or guarantees to or on behalf of any one of the following:

- (a) Gas Alberta Inc.;
- (b) Corridor Communications Inc.

AR 151/2000 s12;26/2010

Change in service status

13(1) When an association

- (a) ceases to provide utility service to a member because of a change in the member's service status, and
- (b) sells or transfers the part of its works that provided the service to that member to the utility company that assumes the provision of that service to the member,

the proceeds of the sale or transfer must be applied in accordance with this section.

(2) In the case of a rural electrification association the proceeds must be applied

- (a) first, in payment of any money owing by that member to the association in respect of lien notes under the *Rural Electrification Loan Act* or the *Rural Electrification Long Term Financing Act*,
- (b) second, in payment of any money owing by the member to the association, and
- (c) third, in payment to the member to the extent permitted by subsection (3),

and any balance remaining must be deposited in and forms part of the association's reserve account.

- (3) A payment under subsection (2)(c) shall not exceed the greater of
- (a) the original cost to the association of the works sold, and
 - (b) the capital contribution the member is required to make to the utility company to receive the utility service from the utility company.
- (4) In the case of a natural gas, water or sewage association, the net proceeds of the sale must be deposited in and form part of the association's general account.
- (5) In this section, "member" includes a person who ceases to be a member of the association because of the change in the member's service status.

AR 151/2000 s13;109/2008

REA grants

- 14(1)** Where a rural electrification association administers its own deposit reserve account, the board
- (a) must deposit all grants to the association under the *Agriculture and Rural Development Grant Regulation* (AR 58/98) in a grant reserve account separate from any other reserve account of the association,
 - (b) must invest the money in the grant reserve account in investments authorized by section 10(1)(a) to (c) and deposit any income from the investment in that account, and
 - (c) shall not disburse any of the money in the grant reserve account without the approval of the Director, except in payment to the Minister, in favour of the President of Treasury Board and Minister of Finance when so required by the terms of the grant.
- (2) Where a grant reserve account exists, the board must annually cause an audit of the grant reserve account to be carried out and must
- (a) report the results of the audit with respect to the grant reserve account either as a note within the general financial statement of the association or in a separate financial statement, and
 - (b) present the results of the audit to the membership at the annual general meeting of the association.

(3) Sections 8 to 13 do not apply to a grant reserve account established under this section.

AR 151/2000 s14;27/2002;68/2008;109/2008;31/2012;
62/2013

Sale of works

15 Where an association sells all of its works, the sale proceeds and the amount in the reserve account shall be distributed among the members on the basis of the number of utility service contracts held, and the distribution must be made

- (a) in accordance with a method of distribution approved by the membership at a special general meeting of the association called to authorize the sale of the works, or
- (b) where there is no method referred to in clause (a), equally for each service contract held.

AR 151/2000 s15;109/2008

Amalgamation agreements

16(1) Any associations proposing to amalgamate must enter into an amalgamation agreement.

(2) An amalgamation agreement may

- (a) prescribe the terms and conditions of the amalgamation and the mode of carrying the amalgamation into effect, and
- (b) set out at least the following:
 - (i) the corporate name of the amalgamated association;
 - (ii) the terms of membership;
 - (iii) the objects of the amalgamated association;
 - (iv) the number of directors, until changed by the by-laws of the amalgamated association;
 - (v) the names and respective terms of office of the first directors;
 - (vi) any other matters that may be necessary to effect the amalgamation and to provide for the subsequent management and working of the amalgamated association.

(3) An amalgamation agreement may

- (a) provide for the adoption of the supplementary by-laws of one of the amalgamating associations as being the by-laws of the amalgamated association, or
- (b) have annexed to the agreement new supplementary by-laws for the amalgamated association.

(4) The amalgamation agreement must be submitted to the members of each amalgamating association for approval by extraordinary resolution and, if so approved, the amalgamation agreement must be presented to the Director for the Director's approval together with the following:

- (a) a copy of the extraordinary resolution of each amalgamating association, certified to be a true copy by the chairman and secretary of each amalgamating association;
- (b) notice of the location of the registered office of the amalgamated association;
- (c) if the name of the amalgamated association is not to be identical to the name of one of the amalgamating associations, the documents required by section 13 of the *Cooperatives Regulation* (AR 55/2002);
- (d) the fee payable to the Registrar;
- (e) a copy of the supplementary by-laws, if any.

AR 151/2000 s16;109/2008

Approval of agreement

17(1) The Director may

- (a) approve an amalgamation agreement as presented, or
- (b) approve an amalgamation agreement subject to compliance with any terms and conditions that the Director thinks fit having regard to the public interest and the rights and interests of all parties, including dissenting members and creditors of the amalgamating associations.

(2) If the Director approves the amalgamation agreement, the Director must, subject to proof of compliance with any terms and conditions imposed, deliver the documents and fee to the Registrar.

(3) Notwithstanding subsection (2), if the Director does not approve the amalgamation agreement or if the terms and conditions are not complied with, the Director must return the documents and fees to the persons from whom the Director received them.

Amalgamation

18(1) On receipt of the documents and fee, the Registrar must register the amalgamation agreement and issue a certificate of amalgamation in a form determined by the Registrar.

(2) On the issuance of the certificate of amalgamation,

- (a) the amalgamating associations are amalgamated and are continued as one association,
- (b) the amalgamated association possesses all the property, rights, privileges and franchises and is subject to all the liabilities, contracts and debts of each of the amalgamating associations, and
- (c) all the provisions of the amalgamation agreement are deemed to constitute the memorandum of association of the amalgamated association.

(3) If the amalgamation agreement does not provide for the adoption of the supplementary by-laws of one of the amalgamating associations or for new supplementary by-laws for the amalgamated association, the amalgamated association may make supplementary by-laws in accordance with the Act.

Federations

19(1) In this section, “federation” means

- (a) the Alberta Union of Rural Electrification Associations Co-operative Limited that is continued as a corporation under the Act and that is now known as the Alberta Federation of REAs Ltd.,
- (b) the Federation of Alberta Gas Co-operatives Ltd. that is continued as a corporation under the Act, or
- (c) a corporation incorporated pursuant to subsection (2).

(2) The Minister may, on application to the Minister, authorize the incorporation of a corporation, membership in which is limited to associations or to associations of a specified class or type.

(3) The provisions of the Act and this Regulation apply, with all necessary modifications, with respect to federations as if they were associations, except that a federation may not do any of the following:

- (a) own any works;

- (b) engage in the business of supplying to member associations or to any other person any of the utility services for which an association may be incorporated under the Act to provide;
 - (c) borrow money from a member association;
 - (d) lend money to a member association or to any other person.
- (4) Notwithstanding subsection (3), the Federation of Alberta Gas Co-operatives Ltd. may hold a special share issued by Gas Alberta Inc.
- (5) The memorandum of association or supplementary by-laws of a federation may contain provisions
- (a) authorizing the representation of member associations by delegates;
 - (b) establishing the basis for determining the number of delegates each member association is entitled to;
 - (c) respecting the time and method of electing or appointing delegates and their terms of office.
- (6) Except as provided in this section, the memoranda of association and the supplementary by-laws
- (a) of the federation referred to in subsection (1)(a) continue in effect as the memoranda of association and the supplementary by-laws of that federation, and
 - (b) of the federation referred to in subsection (1)(b) continue in effect as the memoranda of association and the supplementary by-laws of that federation.

Expiry

20 For the purpose of ensuring that this Regulation is reviewed for ongoing relevancy and necessity, with the option that it may be repassed in its present or an amended form following a review, this Regulation expires on September 30, 2020.

AR 151/2000 s20;354/2003;46/2008;109/2008;138/2013;84/2018

Repeals

21(1) The *Rural Utilities Regulation* (AR 253/86) is repealed.

(2) The *Standard By-laws* (AR 254/86) are repealed.

Schedule 1**Form 1****Rural Utilities Act****Memorandum of Association**

	Name	Address	Occupation
WE,	1. _____	_____	_____
	2. _____	_____	_____
	3. _____	_____	_____
	4. _____	_____	_____
	5. _____	_____	_____
	6. _____	_____	_____
	7. _____	_____	_____
	8. _____	_____	_____
	9. _____	_____	_____
	10. _____	_____	_____

desire to form an association under the *Rural Utilities Act*.

The corporate name of the Association is to be _____.

The objects for which the Association is to be formed are:

There is to be no share capital. The terms of the membership are the payment of a membership fee of \$1.00 and the entering into a contract with the Association for the purchase of _____ and the payment of the contribution to construction and extension line costs as required in the contract. The contract is to be in a form approved by the directors. The directors have the right to refuse membership to any person.

The number of directors who are to direct and supervise the concerns of the Association are _____ or such other number as may from time to time be determined by the by-laws of the Association. The names of such directors, until their successors are elected under the by-laws of the Association, are:

The name of the place at which the head office or principal place of business is to be situated is _____, Alberta.

Date: _____

WITNESS:

	1. _____
	2. _____
	3. _____
	4. _____
	5. _____
	6. _____
	7. _____
	8. _____
	9. _____
	10. _____

Form 2

Rural Utilities Act

Notice of Removal of Idle Service

To: _____ (owner of land)

Re: _____ (description of land)

_____ (hereinafter referred to as the "Association") is no longer supplying _____ service to the above land and, under the *Rural Utilities Act*, the association is empowered, after giving you notice, to enter the above land and remove its idle works. The Act provides that you first be given the opportunity of entering into either one of the following types of agreements:

1. The idle works may be removed, in which case, your contract and membership with the Association is terminated. At some later date, should you re-apply for service at this location, you will have to pay either the installation cost paid by other members of the Association

or the actual cost of the installation, whichever is the greater.

2. You may, if you wish, agree in writing to pay the basic operating charges plus any levies assessed by the Association on its regular billing. Should you fail to meet the payments agreed to in due course, the idle works will be removed as set out in paragraph 1.

If you wish to enter into one of the attached agreements, please complete it in duplicate and forward it to _____, Alberta without delay.

If you fail to enter into agreement with the Association within 60 days from this date, the above service may be removed at the discretion of the Association.

Please note: Removal of the idle works will not affect any indebtedness under any lien note registered against the title to the land pursuant to the *Rural Utilities Act*, the *Rural Electrification Loan Act* or the *Rural Electrification Long Term Financing Act*.

Dated: _____

 (name of Association)
 per _____

Form 3

Rural Utilities Act

Removal of Idle Service Agreement

Between:

 (hereinafter referred to as "the owner")

and

 (hereinafter referred to as "the Association")

With respect to the works owned by the Association that are situated on and intended to provide _____ service to

 (hereinafter referred to as the "owner's land")

but which is not now being used to provide that service to that land, IT IS AGREED as follows:

1(1) The service contract, if any, with respect to the owner's land is terminated.

(2) The owner’s membership, if any, in the Association is terminated.

2 The Association may, through its employees or agents, enter on the owner’s land at any reasonable time and remove all or any part of the idle works.

Note - include only the paragraph 3 that is appropriate.

3 The proceeds from the removal and sale of the works are the property of the Association and the owner has no further claim on the Association.

OR

3 The net proceeds from the removal and sale of the works, after all outstanding indebtedness has been paid, are to be paid to the owner and the owner has no further claim on the Association.

4 If the owner hereafter applies to the Association to have the utility service to the owner’s land re-established, the owner shall pay

(a) the average installation cost paid by other members of the Association, as determined by its board of directors at the time of application, or

(b) the actual cost of installation,

whichever is the greater amount.

5 The Association is hereby granted and has a right of way for erecting, maintaining and removing its distribution system and the line extensions, including the right to carry out the necessary trimming and cutting of trees and brush, on and over any part of the right of way on the owner’s land as may be necessary to complete the connection or branch from any extension as the Association, for its reasonable convenience, requires to enable it to serve other consumers.

Dated: _____

(witness)

(member)

(name of Association)

_____ per _____
 (witness) chairman
 _____ secretary
 (witness)

Form 4

Rural Utilities Act

Maintenance of Idle Service Agreement

Between:

 (hereinafter referred to as "the owner")

and

 (hereinafter referred to as "the Association")

With respect to the works owned by the Association that are situated on and intended to provide _____ service to

 (hereinafter referred to as "the owner's land")

but which are not now being used to provide that service to that land, IT IS AGREED as follows:

1. The Association will not remove the idle works from the owner's land and will maintain them in good order during the term of this agreement.
2. For the maintenance of the idle works the owner will pay to the Association, when due, the basic operation and maintenance charges payable under a service contract, plus any deposit reserve or other levy made under the *Rural Utilities Act*.
3. If the owner defaults in any payment due pursuant to paragraph 2, and after its normal procedures for the collection of arrears have been followed, the Association may terminate this agreement and proceed under the *Rural Utilities Act* to authorize the removal of all or part of the works from the owner's land.
4. This agreement, except paragraph 5, terminates if the provision of the utility service to the owner's land is resumed.

5. The Association is hereby granted and has a right of way for erecting, maintaining and removing its distribution system and the line extensions, including the right to carry out the necessary trimming and cutting of trees and brush, on and over any part of the right of way on the owner's land as may be necessary to complete the connection or branch from any extension as the Association, for its reasonable convenience, requires to enable it to serve other consumers.

Dated: _____

(witness)

(owner)

(name of Association)

(witness)

per _____
chairman

(witness)

secretary

Form 5

Rural Utilities Act

Member's Lien Note

I/We, _____ of _____ in the Province of Alberta, a member of the _____, promise to pay to the _____, within _____ years from the _____ day of _____, _____, being the day from which interest shall be computed, the sum of _____ dollars (hereinafter called the principal) with interest at the _____ prime interest rate established from time to time at its head office located at _____ and published as such, plus _____% per annum, the principal to be repayable in instalments as follows:

1st instalment _____ dollars on the _____ day of _____ 20__
 2nd instalment _____ dollars on the _____ day of _____ 20__
 3rd instalment _____ dollars on the _____ day of _____ 20__
 4th instalment _____ dollars on the _____ day of _____ 20__
 5th instalment _____ dollars on the _____ day of _____ 20__
 6th instalment _____ dollars on the _____ day of _____ 20__
 7th instalment _____ dollars on the _____ day of _____ 20__

8th instalment _____ dollars on the ___ day of _____ 20__
 9th instalment _____ dollars on the ___ day of _____ 20__
 10th instalment _____ dollars on the ___ day of _____ 20__

together with accrued interest on the unpaid principal on each of the above dates.

I shall pay instalments when due to _____ at in the Province of Alberta.

DESCRIPTION OF LAND:

Dated at _____ in the Province of Alberta, this _____

The above was made and signed in my presence

by the said _____)	_____
this ___day of _____)	(Signature of Member)
_____)	_____
_____)	(Joint Tenants, Both Sign)
WITNESS _____)	_____
_____)	(Name of Association)
_____)	_____
_____)	(Signature of Officer)

Form 6

Rural Utilities Act

Notice of Lien

To the Registrar:

_____ Alberta Land Registration District

TAKE NOTICE that the _____ (hereinafter referred to as "the Association") of _____ in the Province of Alberta, under the *Rural Utilities Act* (hereinafter referred to as "the Act") holds a lien note executed and made

by _____ and that, pursuant to the provisions of the Act, the Association has a lien on the interest of _____ in the land described as follows:

for the total indebtedness, including interest, owing in respect of that lien note.

Dated: _____

Director of

Form 7
Rural Utilities Act
Discharge of Lien

Loan _____

To the Registrar:

_____ Alberta Land Registration District

Re: _____ of _____

TAKE NOTICE

that _____ of _____, Alberta has repaid in full the amounts owing on a lien note under the *Rural Utilities Act*, notice of which note was endorsed by memorandum on the title to the following land, namely:

and therefore the memorandum is to be cancelled forthwith.

Dated: _____

Director of

Lien Registered as No.

Form 8
Rural Utilities Act
Assignment of Lien

To the Registrar:

_____ Alberta Land Registration District

TAKE NOTICE that the _____ of _____ in the Province of Alberta has assigned its interest in the following member's lien note described as:

to Her Majesty the Queen in right of Alberta, as represented by the President of Treasury Board and Minister of Finance, whose address for service is:

Dated: _____

Director of

AR 151/2000 Sched. 1;27/2002;68/2008;31/2012;62/2013

Schedule 2

The fees payable for services under the Act are the same fees as the fees that are payable under the *Cooperatives Regulation* (AR 55/2002) for similar services that are provided in respect of co-operative associations.

AR 151/2000 Sched. 2;109/2008

Schedule 3**Standard By-laws***Table of Contents*

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Interpretation

1 In these By-laws, "board" means the board of directors of the association.

First general meeting

2 The first general meeting of the association must, within 2 months after the date of the incorporation of the association, be held on a day and at an hour and place decided by the provisional board.

Annual meetings

3(1) Annual meetings of the association must, within 120 days after the conclusion of each fiscal year of the association, be held on a day and at an hour and place decided by the board.

(2) The primary purpose of the annual meeting of the association is to do the following:

- (a) to review and approve financial and other pertinent reports;
- (b) to appoint an auditor for the ensuing year;
- (c) to elect directors.

Special general meetings

4(1) A special general meeting of the association may be called at any time by the board when the board considers it necessary or advisable.

(2) The board must call a special general meeting of the association when requested to do so by at least 25% of the members.

(3) A request under subsection (2) must be in writing and state clearly the nature of the business to be transacted at the meeting.

(4) Where the board receives a request in accordance with subsections (2) and (3),

- (a) if the board does not issue a call for the meeting within 14 days from the day of receiving the request, or
- (b) if the meeting called is not to be held within 60 days from the day of the board receiving the request,

the members making the request, or any other 25% or more of the members, may call a meeting of the association.

(5) Where a special general meeting has been called under subsection (2), a subsequent special general meeting may not be called within a 24-month period following that special general meeting if the nature of the business to be transacted at the subsequent special general meeting is the same or similar in nature to the business that was transacted at the initial special general meeting.

Notice of meetings

- 5(1)** The board or members calling a general meeting of the association must give at least 10 days' notice of the meeting
- (a) by mailing to each member of the association, at the member's address last registered in the office of the association, a notice stating the hour, day and place of the meeting, or
 - (b) by advertising the hour, day and place of the meeting in a newspaper circulating throughout the association's locality.
- (2)** If the addition or repeal of or amendment to any provision of the By-laws of the association or its memorandum of association is to be proposed at the meeting, the intent of the proposed change must be included in the notice of meeting.

Quorum

- 6(1)** Subject to subsection (2), at a meeting of the association, not less than 10% of the members of the association constitutes a quorum.
- (2)** If the association has a membership of more than 500 members, not fewer than 50 members constitute a quorum at a meeting of the association.
- (3)** If at the time appointed for any general meeting of the association a quorum is not present,
- (a) in the case of a meeting called by members, the meeting is dissolved, and
 - (b) in the case of a meeting called other than by members, the chairman of the meeting may call for a resolution to the effect that those present at that time constitute a quorum and be empowered to transact the business to be brought before the meeting.
- (4)** If the resolution referred to in subsection (3)(b) is passed by a majority vote of members present and recorded in the minutes, the meeting may then proceed and those members present constitute a quorum.

Voting and order of business

- 7(1)** At a general meeting of the association, a majority vote of the members casting votes may decide all questions, except when an extraordinary resolution is required.

(2) Subject to section 17(3) and (4), each member in good standing has one vote on any question.

Composition and election of board

8(1) The board is to consist of an odd number of directors, not being fewer than 5.

(2) Notwithstanding subsection (1), if an association has fewer than 50 members, the board is to consist of an odd number of Directors, not being fewer than 3.

(3) Any member in good standing or the representative of a corporation that is a member in good standing is eligible to be elected as a director.

(4) Candidates for election to the office of director must be nominated openly at a general meeting of the association.

(5) At the first general meeting of the association,

- (a) there is to be elected to hold office until the first annual meeting of the association
 - (i) 1/3 of the total number of directors to be elected, or
 - (ii) if 1/3 of the number referred to in subclause (i) is not a whole number, the next highest whole number;
- (b) there is to be elected to hold office until the 2nd annual meeting of the association
 - (i) 1/2 of the remaining number of directors to be elected after applying clause (a), or
 - (ii) if 1/2 of the remaining number referred to in subclause (i) is not a whole number, the next highest whole number of directors;
- (c) there is to be elected to hold office until the 3rd annual meeting of the association the remaining number of directors to be elected after applying clauses (a) and (b).

(6) Subject to subsection (5), the term of office of a director is 3 years.

(7) Retiring directors are eligible for re-election.

Powers and duties of board

9(1) The board is to 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 membership in a general meeting.

(2) The board may appoint an executive committee from among its number and prescribe the committee's duties.

Meetings of board

10(1) Immediately after the first general meeting of the association and, subsequently, at the first meeting of the newly elected board after each annual meeting of the association, the board is to meet and elect from its own number

- (a) a chairman or president, and
- (b) a vice-chairman or vice-president,

and any reference in these By-laws to the chairman or vice-chairman is to be read as also referring to a president or vice-president respectively.

(2) At each meeting at which a chairman is elected, the board must appoint

- (a) a secretary and a treasurer, or
- (b) a secretary-treasurer having the duties of both secretary and treasurer.

(3) The secretary and the treasurer or, where there is a secretary-treasurer, the secretary-treasurer, may, but need not, be a director or a member.

(4) The board must hold a meeting not less than once every 3 months as required by the Act and, subject to subsection (1), the board may hold other meetings on days and at places and times decided on by the board.

(5) The chairman must call a special meeting of the board on the written request of a majority of the directors or if the chairman considers it to be necessary.

(6) The secretary must give each director written notice of a special meeting,

- (a) stating the time and place at which it is to be held, and
- (b) stating, in general terms, the nature of the business to be transacted at the meeting.

(7) A notice given under subsection (6) must be given to each director

- (a) by mailing the notice to the director's address at least 5 days before the day on which the special meeting is to be held, or
- (b) by personally delivering the notice to the director, or in the director's absence from the director's residence, to any adult person there, not less than 24 hours prior to the meeting.

(8) Notwithstanding this section, if all the directors are present at a director's meeting, it is deemed to have been properly called whether or not the notice of the meeting has been given or properly given.

Proceedings at board meetings

11(1) A majority of the directors constitutes a quorum for the transaction of business at a meeting of the board.

(2) The chairman may vote on any question, but having done so, the chairman does not have a casting vote in the event of a tie.

(3) If there is not a majority in favour of a motion, the motion is lost.

(4) At the meeting of the board held before the annual meeting of the association, the directors are to adopt a report covering all the activities of the association for the preceding year for presentation to the annual meeting.

Vacating director's office

12(1) Where a director fails to attend 3 consecutive meetings of the board of which the director has been duly notified, the director's office may be declared vacant by the board if the director's absence has not been explained to the satisfaction of the board.

(2) Where

- (a) a director, or
- (b) a corporation whose representative is a director,

ceases to be a member of the association, the office of that director is to be declared vacant by the board.

(3) Where a director's office is vacated under this section, the board may forthwith fill the vacancy in accordance with the Act.

Corporate seal

- 13(1)** The association is to have a corporate seal in a form approved by the board.
- (2)** The seal is not to be affixed to any documents except those kinds of document that are authorized by resolution of the board as documents to which the seal is to be affixed.
- (3)** The use of the seal must be authenticated by the signature of a director, the secretary or some other person authorized by the board.

Execution of certain documents

- 14** The board may authorize by a motion of the board the persons who have signing authority for the cheques, notes, bills of exchange and other financial documents of the association.

Fiscal year

- 15** The fiscal year of the association is the year beginning on January 1 and ending on the following December 31 unless otherwise provided for by supplemental by-law.

Auditor

- 16(1)** No person holding office in or employed by the association is eligible to be appointed as the auditor of or to perform any of the duties of the auditor of the association.
- (2)** The auditor is to be appointed by resolution passed at an annual meeting of the association or at a special general meeting of the association called for that purpose.
- (3)** Where
- (a) the reserve account of the association exceeds \$100 000 and is administered by the association, or
 - (b) the operating revenues of the association exceed \$100 000,

the auditor must be a member in good standing of an association of accountants recognized by the Director.

Membership

- 17(1)** On the approval of the board, a person may become a member of the association if that person
- (a) owns or has an interest in land,

- (b) enters into a contract with the association for the provision of utility service to that land and for the payment of the required contribution to construction and extension of works costs, if any, and
 - (c) pays the membership fee.
- (2)** Subject to subsection (1), a person who is 16 years of age or older may become a member as provided for under the Act.
- (3)** Subject to subsection (1), 2 or more persons who own or have an interest in land, jointly or in common, may jointly become a member, and in that case
 - (a) the rights of a member to receive notices, to attend meetings of the association and to be a director is vested in only one of those persons, and
 - (b) those persons must, in accordance with subsection (6), furnish the association with a designation of one of themselves as the person who is to have those rights of membership.
- (4)** Subject to subsection (1), a corporation may be a member of the association.
- (5)** Where a corporation becomes a member of the association, the corporation must, in accordance with subsection (6), furnish the association with a designation of a person who is to be the corporation's representative with the right to attend meetings of the association, to vote and to be a director.
- (6)** A designation under subsection (3) or (5)
 - (a) must be in a form acceptable to the association,
 - (b) must be furnished to the association at the time the utility service contract is executed, and
 - (c) may be changed from time to time by a like designation.
- (7)** A member withdrawing from the association is entitled to be repaid the member's membership fee, but any contribution by the member toward construction and extension of works costs becomes and remains the sole property of the association.

Expulsion of members

- 18(1)** The board may expel any member from the association for actions that in the board's opinion are harmful to the association or

for failing to patronize the business of the association to a minimal amount.

(2) On expelling a member, the board shall return to that person the person's membership fee.

(3) Before ordering the expulsion, the board must invite the member to attend a board meeting at which the reasons for the expulsion are to be discussed and the member allowed to present the member's arguments against expulsion.

(4) The board must forthwith give written notice of an expulsion order to the member whose expulsion has been ordered.

(5) A member whose expulsion has been ordered may, within 14 days from the day of receiving notice of the expulsion, give written notice to the board of the member's intension to appeal the expulsion to the next general meeting of the association.

(6) Where an expulsion is appealed to a general meeting of the association, the association may confirm the expulsion or order the reinstatement of the former member.

Security

19(1) This section applies only to an association that owns works.

(2) The association shall at all times maintain theft insurance or fidelity insurance against loss or damage caused by officers, employees and directors who carry out the functions of employees.

(3) The association shall at all times maintain general liability insurance in an amount not less than \$2 000 000 inclusive per occurrence insuring against bodily injury, personal injury and property damage, including loss of use of property.

(4) In this section, "theft insurance", "fidelity insurance" and "general liability insurance" have the meaning given to them by the *Classes of Insurance Regulation* (AR 121/2001).

AR 151/2000 Sched. 3;109/2008;26/2010



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