

Ottawa Renewable Energy Co-Operative, Inc. (OREC) "The Co-op"

Background Information

The following information is for the benefit of Co-op Members and the general public. It is not part of the By-Laws. The By-Laws start on Page 3.

Description

The Ottawa Renewable Energy Co-operative Inc. (OREC) was created to enable individuals to participate in the financing and ownership, of renewable energy generation projects in Eastern Ontario

OREC services its members by enabling them to financially participate in the renewable energy industry, and earn a reasonable return while doing so.

OREC consolidates money from individual residents of Eastern Ontario unable to invest in their own renewable projects, or enable them to participate in projects larger than they could individually. It is intended to participate in projects that generate energy from renewable sources including those that qualify under the parameters of the Feed-in Tariff (FIT and MicroFIT) programs delivered by the Independent Electricity System Operator (IESO) of Ontario .

As a co-operative, we invest in renewable energy projects of various sizes and technologies. In some projects OREC is the sole participant, in other projects OREC acts as joint owner with other parties. Financing from the OREC also provides FIT or MicroFIT contract holders and owners of other renewable energy projects with the opportunity to finance their project with community investment.

OREC works closely with other renewable energy co-operatives in Ontario in the selection of projects, encouraging co-op membership and investment, and maximizing community ownership of renewable power generation.

Certificate of Incorporation

The Ottawa Renewable Energy Co-operative, Inc. ("OREC", "The Co-op") received its certificate of incorporation from the Financial Services Commission of Ontario on September 3, 2010 (Ontario Corporation Number 1613574). The application for incorporation was signed by Theodorus Cornelis (Dick) Bakker, David Cork, Roger Peters, Keith Shackleton, Adrian Becklumb. The Co-op is incorporated as a Renewable Energy Co-operative under the Co-operative Corporations Act of Ontario ("the Act").

By the terms of its original application for incorporation and subsequent amendments:

- The Co-op has a minimum of five (5) and a maximum of fifteen (15) Directors.
- The Membership fee is \$100.00.
- The Co-op restricts its business to generating (i.e. producing) electricity from renewable energy sources and selling that electricity as a generator.
- The Co-op carries on business with the purpose of financial gain for its Members.
- Members of the Co-op invest in the Co-op's renewable energy projects through the purchase of preference shares and member investment notes.
- Upon dissolution and after payment of all debts and liabilities, the Co-op's remaining property shall be distributed or disposed of equally among its members at that time.
- The Directors serve without remuneration and shall not receive directly or indirectly any profit from their positions as Directors but may be paid reasonable expenses incurred in the performance of their duties.

- The first Directors of the Co-op were:
 - Theodorus Cornelis (Dick) Bakker, 192 Rodney Crescent, Ottawa, Ontario, Canada, K1H 5J9
 - David Cork, 301 – 1422 Wellington Street West, Ottawa, Ontario, Canada, K1Y 0X7
 - Roger Peters, 90 Cameron Avenue, Ottawa, Ontario, Canada, K1S 0X1
- The Head Office of the Co-op is currently:
 - 192 Rodney Crescent, Ottawa, Ontario K1H 5J9

Vision

OREC's vision is to promote renewable energy technologies that are environmentally, socially and financially sustainable in order to improve the quality of life for all residents of Eastern Ontario.

Goals

The Co-op's goals are:

1. Generate decentralized renewable electricity in Eastern Ontario;
2. Create a democratic, self-reliant, environmentally, socially and financially sustainable business model for community power in cooperation with other community-based cooperatives in Eastern Ontario;
3. Increase the accessibility and awareness of sustainable energy technologies by providing leadership and advocacy and building social capital;
4. Through social financing improve the market for renewable energy and other forms of sustainable technology in Eastern Ontario;
5. Provide a fair return for co-operative members who wish to invest in local renewable energy production; and
6. Partner with other organizations, companies and government agencies to develop a variety of projects that achieve our vision.

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Preliminary

The Co-op’s By-laws must respect the Co-operative Corporations Act (“the Act”) which can be found at: www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90c35_e.htm#BK72. The Co-op is incorporated as a Renewable Energy Co-operative under the Act.

1) Membership

- a) Membership is open to individuals over the age of 16 who reside in Eastern Ontario and have completed the required application form and paid the Membership fee. Eastern Ontario is defined as the City of Ottawa and the counties of Prescott and Russell, Stormont, Dundas and Glengarry, Lanark, Renfrew, Leeds and Grenville, Frontenac and Lennox and Addington.
- b) To become a Member, a person must submit an application for membership to the Board. No person shall become a Member until a person’s application for membership has been approved by the Board. If the application is not approved by the Board, any payment forwarded with the application shall be refunded without interest to the applicant
- c) A Member is entitled to participate in all decisions made by the Co-operative. A Member is not required to purchase renewable power systems from the Co-operative.
- d) Each Member is entitled to only one vote and to hold only one elected position.
- e) A Member in good standing is entitled to all the rights, benefits and privileges of Membership and to stand for any elected office in the Co-op. To remain in good standing, a Member must abide by these By-Laws and any other policies the Co-op may establish from time to time pursuant to these By-Laws.
- f) A Member may withdraw from the Co-op by giving the Secretary 30 days WRITTEN notice. The board may vote to accept any application to withdraw upon shorter notice.
- g) Membership in the Co-operative shall not be transferable unless authorized by the Board.
- h) Membership in the Co-operative shall terminate upon the resignation of the Member from the Co-operative, on the death of the Member, or on the expulsion of the Member from the Co-operative by a resolution passed by the Board pursuant to the Act or as may also be prescribed from time to time by the Act.

2) Board of Directors

- a) The business of the Co-op shall be managed by the Directors, who may pay from its funds the expenses of the corporation and may exercise all its powers, subject to the Act and these By-Laws.
- b) Directors must be Members in good standing, must be over the age of 18, and no person who is related to an employee of the Co-op to the extent that they would be a “related person” as defined in the Federal Income Tax Act, is eligible for nomination, election and appointment to the Board of Directors (spouse, parent, child, brother or sister of any employee, and the spouse or partner of any such family Member).
- c) The number of Directors shall be not less than five (5) and not more than fifteen (15). It is the intent of the Co-op to achieve gender balance as well as a diversity across multiple disciplines. For the period of November 24th, 2016 to 2018 AGM, the maximum number of directors shall be seventeen (17) to facilitate the prior goal.
- d) The length of the term for any Director, notwithstanding the special conditions surrounding the first Annual General Meeting (subparagraph (f)), shall be three (3) years and any Director shall be limited to three (3) consecutive 3-year terms in office.
- e) The first Directors shall be the persons so named in the Articles of Incorporation, and shall hold office until the first Annual General Meeting.

- f) At the first Annual General Meeting,
 - i) one-third of the Directors shall be elected for a one-year term;
 - ii) one-third shall be elected for a two-year term; and
 - iii) one third shall be elected for a three-year term.
- g) At subsequent elections, one-third of the board positions shall be filled for a three-year term and any other vacancies on the Board of Directors shall be filled for lesser terms so that immediately after each election the remaining terms of the Directors will be three years for one-third of the board, two years for one-third of the board positions, and one year for the remaining one-third.
- h) Directors hold office until the conclusion of the meeting to elect new Directors.
- i) Candidates for election to the Board of Directors shall be nominated by a nominating committee appointed by the Board of Directors at least 30 days prior to the Annual General Meeting. Candidates may also be nominated from the floor.
- j) Where a vacancy occurs in the Board of Directors the remaining Directors may appoint a Member to fill the vacancy, but any Member who is so appointed shall only hold office to the close of the next Annual General Meeting.
- k) There must always be a minimum of five (5) Directors in office. Towards this end, if at any meeting at which an election of Directors ought to occur the places of the vacating Directors are not filled up, the meeting shall stand adjourned until the same day in the next week at the same time and place. If at this subsequent meeting the places of the vacating Directors are still not filled, the vacating Directors shall be deemed to have been elected again at the subsequent meeting.
- l) The Co-op may, by special resolution, remove any Director before the expiration of that Director's term of office, and may appoint another person to fill the ensuing vacancy.
- m) The office of Director shall be vacated if the Director:
 - i) ceases to be a Member in good standing;
 - ii) is employed by the Co-op;
 - iii) is absent from three (3) consecutive regular meetings of the Directors without the consent of the Directors.
- n) No Director shall be required to vacate the office by reason of conflict of interest including being an employee of a company which has entered into contracts with or done any work for this Co-op. In such a case of conflict of interest the Director shall disclose the fact to the other Directors. If there is a conflict of interest declared by a director, or decided by the board, the director shall absent herself or himself from any portion of the meetings discussing or voting on the matter. These actions will be recorded in the minutes of the meeting.
- o) Directors, in exercising their power and performing their functions, shall act honestly and in good faith and in the best interest of the Co-op, and shall exercise the care, diligence and skill of reasonably prudent persons.
- p) The Directors may delegate any of their powers to committees consisting of Members of the Coop as they see fit; any committee shall, in the exercise of the powers delegated, conform to any regulations that may be imposed on it by the Directors.
- q) Directors shall serve without remuneration. The Co-op in a general meeting shall determine the amount, if any allowed to them for expenses.
- r) The Directors may cause the Co-op to purchase and maintain insurance for the benefit of any person who is serving or has served as a Director, Officer, employee or agent of the

Co-op and the person's heirs or personal representatives, against any liability incurred by the person as such Director, Officer, employee or agent.

- s) Responsibilities of the Board include:
 - i) Entering into contracts and lease agreements on behalf of the Co-op.
 - ii) Making decisions regarding which renewable energy projects the Co-op will invest in.
 - iii) Making decisions regarding setting aside reserves, dividends paid on preference shares, and distribution of surplus.
 - iv) Making decisions regarding borrowing to finance the Co-op's renewable energy projects.

3) Executive Committee (The Officers)

- a) The Executive Committee is a sub-set of the Board, empowered to carry on the day-to-day business of the Co-op.
- b) Officers are elected by the Board of Directors from within the ranks of the Directors.
- c) Term of Officers is one year (can be renewed).
- d) Responsibilities of the Officers include:
 - i) Reporting to the Members on the operations of the Co-op.
 - ii) Conducting Board Meetings
 - iii) Conducting Annual General Meetings and Special General Meetings.
 - iv) Conducting other meetings as required to inform Members or to solicit information from Members.
 - v) Maintaining a register of the Members and Directors at the registered office
 - vi) Complying with the Act in all other respects
- e) Officer positions include the following:
 - i) President
 - (1) Presides at Board Meetings and General Meetings of the Co-op or appoints a facilitator to undertake this responsibility.
 - ii) Vice President
 - (1) Exercises the powers of the President in the absence of the President.
 - iii) Secretary
 - (1) Maintains list of contact information of all Members;
 - (2) Provides (or make available) a Membership Directory to all Members;
 - (3) Conducts correspondence for the Co-op;
 - (4) Advises Directors and Members of future meetings;
 - (5) Maintains minutes of all Meetings of the Co-op, including but not limited to
 - (a) Records of all Officer elections;
 - (b) Names of the Directors present at each meeting of Directors or of any committee;
 - (c) All resolutions and proceedings at all meetings of the Co-op, the Directors, or any committee.
 - iv) Treasurer

- (1) Prepares prospective annual budgets for the Co-op;
 - (2) Prepares and publish financial statements;
 - (3) Nominates the auditor;
 - (4) Receives the report of the auditor
- f) Signing authority shall be held by four (4) Officers, two of which must be the President and Treasurer, and the person occupying the position of General Manager, or equivalent title as determined by the Board from time to time. Persons with signing authority shall be required to apply for and submit a completed police records check to the Board of Directors.

4) Meetings:

- a) Annual General Meeting
 - i. The purpose of the Annual General Meeting ("AGM") is to:
 - 1) Receive the report of the President on the previous year's business
 - 2) Approve any proposed changes to the By-Laws
 - 3) Approve the annual financial reports including budget for the new fiscal year
 - 4) Elect Directors
 - 5) Appoint financial auditor for the new year
 - 6) Conduct other business
 - ii. The AGM shall be held annually within four months of the end of the fiscal year at a time and a location within Eastern Ontario to be determined by the Board of Directors
 - iii. Notice of the AGM will be provided to all Members at least 30 days in advance of the meeting by regular mail or electronic mail to the Member's latest address as shown on the records of the Co-op. This notice will state the date, time and place of the AGM as well as the nature of the motions that the Directors propose to table.
 - iv. All Members in good standing and present at the meetings have the right to vote.
 - v. The quorum for the Annual General Meeting shall be the lesser of fifteen (15) Members or 20% of the number of Members in good standing at the date of the meeting.
 - vi. The Directors shall appoint a chairperson. The chairperson does not need to be a member in good standing.
 - vii. If within 30 minutes of the time appointed for the AGM, there is not a quorum, the chairperson of the meeting will adjourn the meeting to another date within the following 4 weeks. Notice of the new time and location will be provided to all Members by regular mail or electronic mail and if at the adjourned meeting a quorum is not present within one hour from the time appointed, the Members present shall form a quorum provided there are not less than 3 Members present.
 - viii. Members must vote in person at AGM; proxy voting is not allowed
 - ix. If the Chairperson is a member in good standing, a tie vote will be decided by a vote of the Chairperson of the meeting who otherwise does not vote.
 - x. The Secretary will distribute Minutes of the Annual General Meeting within 60 days of the conclusion of the Meeting.
- b) Special General Meetings

- i. A Special General Meeting of all the Members may be called by the Board on its own initiative or in response to a request from 20% of the number of Members in good standing. Such requests shall set forth the object of the meeting and be deposited at the registered office of the Co-op. If the Directors do not call the meeting within seven (7) days after the deposit of the request, the Members making the request may themselves convene a Special General Meeting.
 - ii. Notice of a Special General Meeting will be provided to all Members at least 15 days in advance of the meeting by regular mail or electronic mail to the Member's latest address as shown on the records of the Co-op. This notice will state the date, time, place and method (electronic or not) within Eastern Ontario of the Special Meeting and the business to be considered.
 - iii. All Members in good standing and present in person, on the telephone or via electronic means at the meetings have the right to vote. The availability of mail, telephone or electronic options will be at the discretion of the board.
 - iv. The quorum for the Special General Meeting shall be the lesser of fifteen (15) Members or 20% of the number of Members in good standing at the date of the meeting.
 - v. The Secretary will distribute Minutes of Special General Meetings within 60 days of the conclusion of the Meeting.
 - vi. The Directors shall appoint a chairperson. The chairperson does not need to be a member in good standing.
 - vii. If there is not a chairperson present within thirty (30) minutes after the time appointed for holding the general meeting, or the designated chair is not willing to act, the Members present shall choose one of their number to chair.
 - viii. If within one hour from the time appointed for a general meeting, a quorum is not present, the meeting, if convened in response to a Request from Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at the adjourned meeting a quorum is not present within one hour from the time appointed, the Members present shall form a quorum providing there are not less than 3 Members present.
 - ix. The chairperson shall run the meetings in order to further the best interests of the Co-op and its Members, and to facilitate the participation of all Members present in the discussions. The agenda shall be approved at the beginning of each meeting.
- c) Meetings of the Board of Directors
- i. The Board of the Directors shall meet as soon as possible after the Annual General Meeting to elect Officers for the coming year and to conduct other business as required.
 - ii. The President may call other meetings of the Board of Directors as required, but the Board will meet a minimum of four times a year.
 - iii. A resolution signed by all Directors shall have the same force and effect as if passed at a duly constituted meeting of the Directors.
 - iv. The Directors may additionally meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any Director's meeting shall be decided by a majority of votes. In case of an equality of votes the chair shall have a second or casting vote. A Director may, and the Secretary, on requisition of a Director, shall, at any time summon a meeting of the Directors.
 - v. Board Meetings may be held at any location agreed to by the Board within the National Capital Region. Notice of a Board Meeting will be provided to all Directors at least 10 days in advance of the meeting by regular or electronic mail. This notice will state the date, time, place and method (electronic or not) of the Board Meeting and the business to be considered. . A Director may in any manner waive notice of or otherwise consent to a

meeting of the board.

vi. Directors may participate and vote at Board Meetings via telephone or other medium.

vii. The quorum for a Board Meeting will be 50 percent plus one of Directors holding office at the time of the meeting

viii. The Secretary will distribute Minutes of the Board of Directors Meetings to the Directors within 60 days of the Meeting. Members in good standing may, upon request, review Minutes of Meetings of the Board of Directors, excluding records of in-camera sessions

ix. Meetings of the Board of Directors shall be open to Members in good standing but Members may be excluded from in-camera sessions.

5) Voting

a) At all meetings of the Co-op, Members shall attempt to reach decisions by consensus, but in default, decisions shall be decided by a simple majority of votes, except:

i. Where the Act or these By-Laws require a greater number

ii. Changes to By-laws shall be confirmed with or without variation at an Annual General Meeting by at least a two-thirds majority of the votes cast.

b) Voting to elect Directors:

The Directors shall be elected by the Members in a general meeting, and the election shall be by ballot in the manner prescribed by section 91 of the Act. ("Every member entitled to vote at an election of Directors, if the member votes, shall cast at the election a number of votes equal to the number of Directors to be elected, and the Member shall distribute the votes among the candidates in such manner as the member sees fit, but no candidate shall receive more than one vote from each Member.") If the number of candidates is the same as or fewer than the number of needed to be elected, directors may be elected by acclamation.

c) Voting on matters other than the election of Directors:

Every member in good standing may vote in person, by mail, telephone or electronic means. The availability of mail, telephone or electronic options will be at the discretion of the board.

d) The chairperson, if a member in good standing, shall, in the case of tied vote, have a casting or second vote at any general meeting, both on a show of hands and on a ballot.

e) In the case of a vote by show of hands, the declaration of the chairperson of the meeting shall be conclusive evidence of the result, unless three (3) or more Members, before or on the declaration of the result, demand a poll, in which case a poll shall be taken immediately.

6) Financial

a) The fiscal year of the Co-op begins September 1 and ends August 31.

b) Approval of Expenditures:

i) The signature of two signing authorities, as identified in section 3(f), is required on each cheque issued by the Co-op, and to authorize the Co-op to enter into legal agreements.

ii) Signing authorities, as identified in section 3(f), may not sign cheques payable to themselves.

iii) The Directors shall put in place and maintain a policy placing limits on the amount of expenditures, individually or in aggregate, that can be approved by signing authorities under 6(b)(i), without advance approval by the Board.

- c) The Directors shall cause true accounts to be kept of money received and expended and the matter for which that receipt and expenditure takes place and the assets and liabilities (if any) of the Co-op.
- d) The books of accounts shall be kept at the registered office of the Co-op, and may for temporary purposes be kept at another place the Directors think fit, and shall at all reasonable times be open to the inspection of the Directors and Members.
- e) One or more auditors shall be appointed by the Co-op at every Annual General Meeting. No Director or Officer may be appointed or act as auditor.
- f) Every Member shall, upon request, be supplied free of charge with a copy of the financial statements required by the Act.
- g) A copy of the financial statements shall be sent to every Member at least fourteen (14) days before the meeting at which they are to be presented.

7) Distribution of Surplus

The Board, after paying expenses and making proper allowance for depreciation, shall apportion any surplus arising from the yearly business of the Co-operative in any or all of the following ways:

- i By setting aside reserves in such amount as the Board deems advisable for such purpose or purposes that are deemed to be conducive to the interests of the Co-operative or its Members, including maintaining a positive cash flow and meeting future obligations, which sum may be invested, dealt with and disposed of for the benefit of the Co-operative as the Board determines from time to time;
- ii After allocation to the reserves outlined in (i) above, by payment of dividends on the Preference Shares of the Co-operative and returning the capital invested through the purchase of these Preference Shares.

8) Ability to Borrow

- a) From time to time, the Board may authorize the Co-op to borrow from financial institutions, from other entities or from members.
Loans from members may be in such amounts payable on demand or at such times as the directors may by resolution determine, and either without interest, or with interest at such a rate as the directors may by resolution determine.

The directors may charge, mortgage, hypothecate, or pledge all or any currently owned or subsequently acquired real or personal movable or immovable property of the co-operative, including book debts, rights, powers, franchises and undertakings, to secure any debt obligation or money borrowed or other debt or liability of the co-operative.

9) Disputes

- a) Any dispute arising out of the affairs of the Co-op, between a Member, or any person aggrieved who has not ceased to be a Member for more than six (6) months, or any Member claiming on behalf of a Member or person aggrieved, and the Co-op or a Director, shall be referred to a committee of three (3) Members of the Co-op. The President, in the case of a grievance against the Co-op, or the Director involved, and the Member or other person aggrieved shall each nominate one Member, and the third shall be chosen by the two (2) nominated. The decision of the committee shall be final and binding on all parties and may be enforced on application to the Supreme Court of Ontario.

10) Alteration of the By-Laws

- a) These By-Laws may only be altered or added to at an Annual General Meeting of the Co-op.

11) Dissolution

- a) Upon dissolution and after payment of all debts and liabilities, the Co-op's remaining property shall be distributed or disposed of equally among its members at that time.