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THE PERFECT FIT

- The Business
- What's important?
- Legal Structures
- Implementation

Alternative Business Models



The Business

- Types of Cooperatives
 - Worker Co-ops
 - Producer Co-ops
 - Consumer Co-ops
 - Federations
 - Multi-Stakeholder
 - New-Generation

Purpose

- ❖ **Who's your market?**
- ❖ **What's your product?**
- ❖ **Who will contribute?**

What's Important?

❖ PROCESSORS

- ✓ reliability of supply
- ✓ quality of supply
- ✓ reliability of market

❖ MARKETERS

- ✓ reliability of supply
- ✓ quality of supply
- ✓ trust of retailers

What's Important?

- ❖ **Consumers**
- ✓ Quality
- ✓ Price
- ✓ Sustainability
- ✓ Variety

What's Important - Values

- ❖ ● Voluntary and open membership
- ❖ ● Democratic member control
- ❖ ● Member economic participation
- ❖ ● Autonomy and independence
- ❖ ● Education, training and information
- ❖ ● Co-operation among co-operatives
- ❖ ● Concern for community

Legal Structures



Basic Principles

- ❖ membership share = par value
- ❖ one member = one vote
- ❖ open, in a non-discriminatory manner, to persons who can use the services of the cooperative and who are willing and able to accept the responsibilities of membership
- ❖ surplus funds (profits) are used to strengthen the business, distribute based on patronage (amount of business)

Multi-Stakeholder Cooperatives

- ❖ provide for multiple classes of membership shares;
- ❖ designate a class of membership shares for each stakeholder group;
- ❖ require a person to own one or more shares (in one stakeholder group) in order to be a member of the cooperative;
- ❖ member of one stakeholder group can own a different number of membership shares than member of another stakeholder group.

New Generation Cooperatives

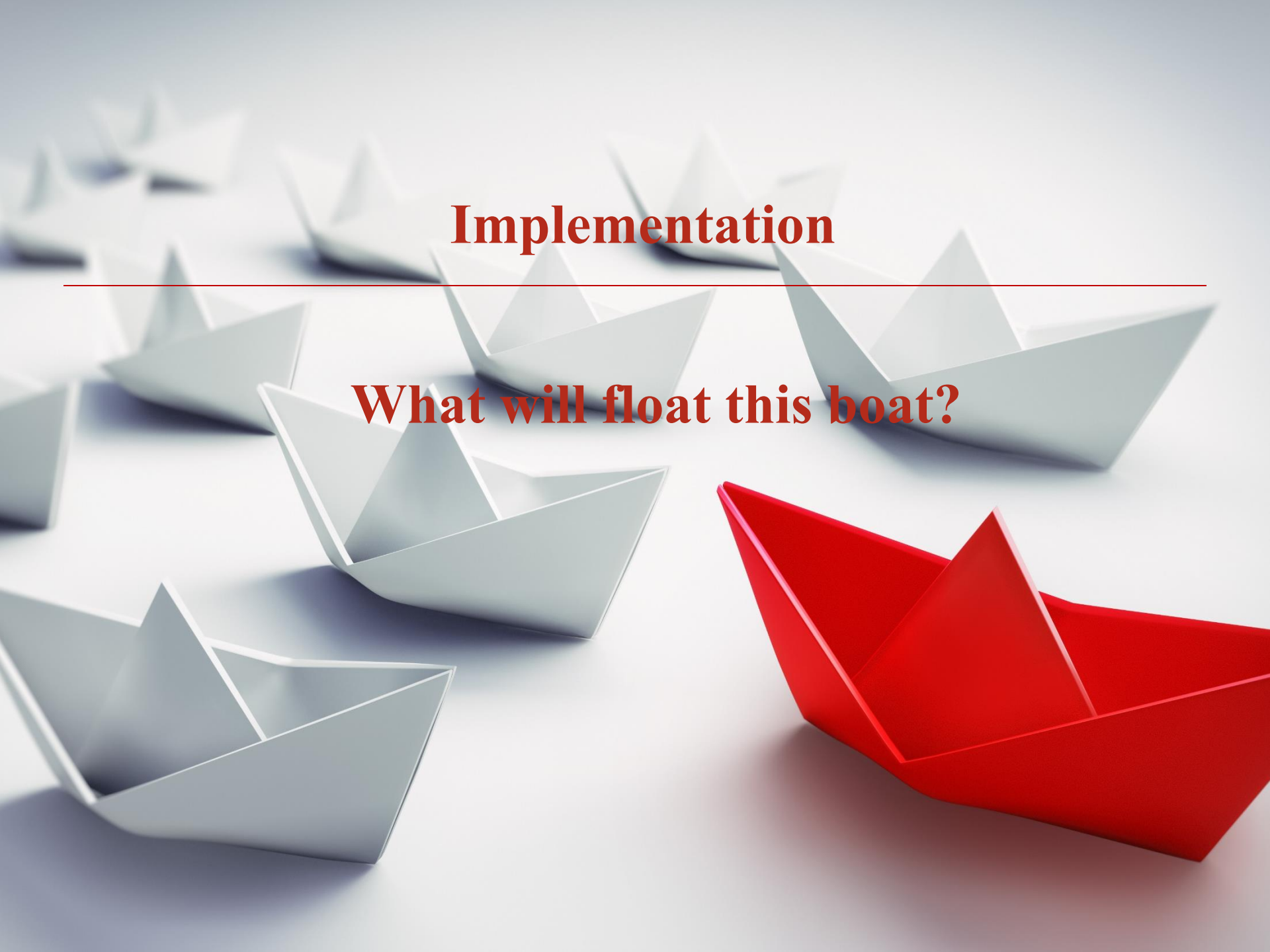
- ❖ Cooperative may issue a special class of investment shares that can be issued only to members of the cooperative;
- ❖ each member who owns shares of the special class is **entitled** or **obliged** to conduct a specific amount or percentage of business with the cooperative that is dependent on the number or percentage of such shares owned by the member; and

New Generation Cooperatives

- ❖ each member who owns shares of the special class is entitled, on liquidation and dissolution, to a pro rata share of the assets remaining, dependent on the number or percentage of such shares owned by the member
- ❖ No par value

Implementation

What will float this boat?



Members

- ❖ **Section 295.2:**
 - each stakeholder group is entitled to elect at least one director;
 - subject to the above, state the method of determining the number of directors that each stakeholder group may elect;
 - state the number of members or stakeholder groups required to be present at a meeting of the cooperative to constitute a quorum;

Members

- ❖ Shareholders can elect no more than 20% of the board
- ❖ Special Investment shareholders must be members
- ❖ Investments may be subject to The Securities Act and regulations
- ❖ Can have more than one “class” of special investment share

Directors

- Must be a member in good standing
- Not bankrupt, over 18
- Act and live co-operatively by the co-op's by-laws/ rules and policies
- attend meetings regularly and productively
- Represent stakeholder group and members at large

Why do you want to be a director?

- It's important to think about why you want to sit on your co-op's board. It's not about you.
- Why will the co-op's members want to elect you?
- Do you understand what is expected of you when you are a director?

Basic Board Responsibilities

Boards

- approve members
- hire and supervise management
- enter into contracts on behalf of the co-op
- approve and monitor spending
- discipline/terminate membership
- propose changes to by-laws (rules) and policies
- report to members

Commitment to being a director

As a director

- You are responsible to the Co-op and its members for your actions.
- You understand that directors can be personally liable in certain circumstances.
- You ask questions, and get information to make sound decisions.
- You listen and keep an open mind.
- You seek advice when appropriate.

Specific Liabilities

Know the law:

- Insolvency
- Employees – wages, workers compensation, health & safety, employment insurance premiums
- The Public Health Act
- Taxes
- The environment
- PIPEDA

Protective Measures

- Indemnities
- Insurance
- Due Diligence Defence
- Identify conflicts ahead of time

Thank You