



June 24, 2019

Dear Member:

Re: Proposed Supplemental By-Law # 14

Birch Hills Gas Co-op Ltd. invites you to attend a general membership meeting to be held July 16, 2019 at Birch Hills Senior Centre, Wanham, AB at 7:00PM.

The Board of Directors and management of the Co-op with the support of our auditors are proposing a supplemental by-law for approval by the membership.

Many Natural Gas Co-operatives currently hold not-for-profit status under the *Income Tax Act* and do not pay corporate income taxes. A condition of this status is that none of the co-op's earnings can be distributed directly or indirectly to any member and that the organization cannot have the power to declare and pay any dividends.

The proposed supplemental By-Law # 14 on the reverse side of this letter has been drafted to ensure these requirements are met by the co-op.

The needs of the co-op for future funding are substantial. The practice of the co-op is to reinvest its earnings for system construction, replacement and maintenance. Funds raised for this purpose as well as all other earnings of the co-op are currently being assessed corporate income taxes and therefore reducing the amount of funds available.

We hope to see you at the meeting to discuss any concerns that you may have.

Yours truly,

Maurice Lemay, Chairman

Birch Hills Gas Co-op Ltd.

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Box 156, Wanham, AB, T0H 3P0

780-694-3868

Birch Hills Gas Co-op Ltd.
SUPPLEMENTAL BY-LAW # 14

At a special meeting of the Birch Hills Gas Co-op Ltd. (the Association) held on the 16th day of July, 2019.

It was regularly moved and seconded that: The Association add to its Supplemental By-Laws, the following By-Law No. 14.

Non-Profit

Reference: Section 19 of the *Rural Utilities Act: (the Act)* Distributing Earnings:

Supplemental By-Law No. 14 - Being a supplemental By-Law of the Association for the purposes of confirming the Association is a non-profit organization.

Whereas, the Association operates under the Act;

And whereas, Section 19 allows for the Association to distribute surplus earnings in a manner provided for in the Association's By-Laws

And whereas it is the position of Birch Hills Gas Co-op Ltd. that it is, and always has been, a non-profit organization

And whereas on the basis of specific tax and legal advice, the members should authorize the establishment of this Supplemental By-Law for greater certainty.

And whereas the addition of the By-Law is meant to confirm, not change the tax status of the organization,

Therefore be it resolved that:

The Association shall use any surplus earnings of the Association for the attainment of the objects of the Association and no distribution shall be made to the Association's members.

It was moved by _____

And Seconded by _____

On being put to the meeting, the motion was carried.