

March 29, 2018

Via Email - Ivonne Martinez
<IvonneM@alsaweb.ca>

Roberto Noce, Q.C.
Direct Line: 780.429.9728
rnoce@millerthomson.com

File: 95502.10

Alberta Liquor Store Association
2707 Ellwood Drive SW
Edmonton, AB T6X 0P7

Attention: Ivonne Martinez, President

Dear Madam:

Re: Amendment to Bylaws

I have reviewed your 2009 Bylaws, as well as the relevant legislation. To amend the Bylaws in respect of the upcoming legalization and regulation of cannabis products will not be overly complex or difficult from a drafting perspective; however, there would be a number of administrative steps to follow in terms of getting the amended Bylaws filed with Alberta Corporate Registries.

One overarching question: would you be changing your name to incorporate cannabis (e.g. "Alberta Liquor and Cannabis Store Association", or some variant)?

The Societies Act ("Act") provides, at section 15(1), that you will require a special resolution in order to amend or rescind the existing Bylaws. A "special resolution" is defined in that Act as meaning a resolution that is either passed by a 75% majority at a meeting held on at least 21 days' notice, or that is unanimously agreed at a meeting held on less notice, or that is unanimously consented to in writing by everyone who would have been entitled to vote if there were a meeting. In effect you will need almost everyone on board to support the changes.

Section 16(1)(a) of the Act provides that you need a special resolution to "alter [your] objects [...] to include some object or objects that may conveniently or advantageously be combined with the existing objects of the society".

In my opinion, it should be sufficient to do a single special resolution both to change the Bylaws and to amend the objects, but bear in mind that these resolutions must be filed with Corporate Registries, and are subject to the Registrar's approval.

As for specific revisions to the By-Law, I would recommend the following (if you can forward a Word version of the document, I can make the edits here):

1. Revise clause 1.01(b) as follows: “**Active Member**” means a voting member accepted for membership pursuant to clause 2.01(a) of the Bylaws, and ‘**Active Membership**’ means the membership of such Active Member.”
2. I would revise 1.01(c) by capitalizing “Stores” as follows: “**Associated Group of Stores**” means a group of **Stores** [...].”
3. I would revise 1.01(d) by adding a definition of Associate Membership, as follows: “**Associate Member**” means a non-voting member accepted for membership pursuant to clause 2.01(b) of the Bylaws, and ‘**Associate Membership**’ means the membership of such Associate Member.”
4. I would recommend then defining “Store” as follows: “**Store**” means a retail liquor store or a retail cannabis store that is licensed to operate as such by the Alberta Gaming and Liquor Commission, or any successor thereof, pursuant to the *Gaming and Liquor Act* (RSA 2000, c. G-1), or any amendment thereto or legislation enacted in replacement thereof.” The definition of “Store” will be important for the suggested revision of clause 2.01(a), below.
5. I would add a definition of “Licence” as follows: “**Licence**” means a licence, issued by the Alberta Gaming and Liquor Commission, or any successor thereof, pursuant to the *Gaming and Liquor Act* (RSA 2000, c. G-1), or any amendment thereto or legislation enacted in replacement thereof, for the operation of a retail liquor store or a retail cannabis store.”
6. I would recommend that the definition of “Administrative Officer” be amended as follows: “**Administrative Officer**” means the person designated as such by the Board of Directors at their discretion from time to time.” The current definition refers to an Administrator (which is undefined) and is circular (it says that the Administrative Officer is whatever the Board calls the Administrator, which essentially means that the Administrative Officer is the Administrator – so that we do not know what either one is).
7. I would further add a definition of “Immediate Past Chairman” as follows: “**Immediate Past Chair**” means the individual who immediately preceded the then-current Chair of the Board of Directors in that position.”
8. I would recommend then rearranging section 1.01 so that the defined terms are in alphabetical order.
9. I would amend section 1.02 to say “[a]ll **capitalized** terms contained in the Bylaws [...].”



10. Clause 2.01(a) refers to the Liquor Control Act, which is no longer in effect, and also refers to “Agency” and “Duty-free store” being defined in that Act (they are not defined in the successor legislation, the *Gaming and Liquor Act*). Further, this clause refers to the owners getting a Class D licence – although the Regulations under the *Gaming and Liquor Act* do still talk about Class D licences for liquor stores, we do not yet know what kind of licence will be issued for cannabis (e.g. a “Class F licence” or something else). I think we can do away with any issues relating to the specific language of the *Gaming and Liquor Act* by rephrasing this way:

“Each owner of a Store is eligible for one Active Membership in respect of each Store owned by such owner. Each Active Member must appoint one representative in respect of each Active Membership, which representative shall be a shareholder or partner of the Active Member, or a full time manager or full time employee of the Store in respect of which an Active Membership is held. The appointment of such representative must be registered with the Association. By notice in writing, the Active Member may replace its representative from time to time. The same individual may represent more than one Active Member, but not more than one Store. An Associated Group of Stores shall appoint the same individual as the representative for each Store in such group.”

11. A consequent amendment to clause 2.01(b): “Those persons or firms who are associated with the retail liquor industry or the retail cannabis industry, but who do not own any Stores, may apply for membership in the Association on the payment of the Associate Membership fee prescribed by the Board of Directors. The Board of Directors has the unfettered discretion to refuse any such application.”

12. I would split clause 2.01(b) by removing the last sentence, and making it clause 2.01(c): “Any reference to ‘members’ in the Bylaws shall be deemed to refer to Active Members and Associate Members.”

13. I would amend clause 2.03(f) (“Store Closure/Licence Suspension/Change of Ownership”) as follows: “If an Active Member has their Licence permanently suspended or revoked, or surrenders the same, or if such Active Member ceases to own a Store, whether by closure, sale or otherwise, then that Active Member’s membership and, if applicable, the position of its representative on the Board of Directors, shall automatically terminate.”

I have removed the part about the Board having discretion to terminate the membership of an owner who does not own a Store anymore – that implies that such owner’s membership might not be terminated if the Board didn’t feel like it. That would be inconsistent with section 2.01(a) (which provides that only owners of Stores are eligible to be Active Members).



14. Clause 4.05 should be revised so that "store" is capitalized. Further, paragraph 4.05(a) should be rephrased as follows: "An Active Member that owns only one Store shall have ONE (1) vote".

15. I use (and prefer) the term "Bylaws" as opposed to "By-Laws". Please choose one and be consistent.

As stated above, if you can forward a Word version of the Bylaws, we can take care of these edits here.

If you have any questions or would like to discuss any of our proposed changes in greater detail, please do not hesitate to contact me or my associate, Tyson Wagner, directly. Tyson's email address is twagner@millerthomson.com, and his direct telephone number is 780.429.9715.

We look forward to assisting you further.

Yours truly,

MILLER THOMSON LLP

Per:



Roberto Noce, Q.C.
RN/tw

