

# RULES OF THE SLOCAN VALLEY CO-OPERATIVE ASSOCIATION

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LOCALLY  
INVESTED  
—  
COMMUNITY  
MINDED  
—  
LIFETIME  
MEMBERSHIP  
BENEFITS

Cooperative Association Act

The Slocan Valley Co-operative Association

**MEMORANDUM OF ASSOCIATION**

1. The purpose of the Association is to carry on the business of storekeeper in all its branches, to buy, sell, rent, lease or hold real and personal property, and such other activities as are deemed necessary and desirable to serve the needs of the members.
2. The authorized share capital of the Association consists of an unlimited number of membership shares with a par value of twenty-five dollars (\$25.00) each.
3. The liability of a member or investment shareholder of the Association is limited in accordance with the *Cooperative Association Act*.
4. Section 196 (1) of the *Cooperative Association Act* does not apply to the Association.

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## 1. INTERPRETATION

### 1.01 Definitions

In these Rules:

“**Act**” means the *Cooperative Association Act* of British Columbia from time to time in force and all amendments to it;

“**Association**” and “**Co-operative**” both mean The Slocan Valley Co-operative Association;

“**board**” or “**the directors**” mean the directors of the Association for the time being;

“**member**” means a member of the Association and includes an eligible organization;

“**memorandum**” has the meaning set out in the Act;

“**ordinary resolution**” means a resolution of the Association that is:

- i) submitted to all members who are entitled to vote on the resolution and passed by being consented to in writing by three-quarters (3/4) of those members; or
- ii) passed, after the required notice of meeting under the Act, in a general meeting by a simple majority of the total votes cast by the members who are entitled to vote on the resolution, including votes cast in person and, if permitted by the Act and these Rules, votes cast by mail ballot;

“**regulation**” means the regulation under the *Cooperative Association Act* as made and amended from time to time;

“**Rules**” means these Rules and all amendments, additions, deletions or replacements from time to time in force and effect;

“**special resolution**” means a resolution of the members of the Association that is:

- i) submitted to all the members who are entitled to vote on the resolution and passed by being consented to in writing by all of them; or
- ii) passed after the required notice of meeting under the Act, in a general meeting by a two-thirds (2/3) majority of the total votes cast by the members who are entitled to vote on the resolution, including votes cast in person and, if permitted by the Act and these Rules, votes cast by mail ballot;

“**surplus**” means net savings before provision for income tax and before patronage returns;

“**reconvened meeting**” means the meeting to which a meeting is adjourned.

### 1.02 Cooperative Association Act definitions apply

Subject to 1.01, words and expressions defined in the Act as they read on the date these Rules become applicable to the Association apply to these Rules, with the necessary changes, so far as applicable.

### 1.03 Interpretation

Words in the singular form include the plural and vice versa.

### 1.04 Cooperative Association Act governs

If there is a conflict or inconsistency between the Act and the Rules, the Act governs.

## 2. MEMBERSHIP

### 2.01 Open Membership

Membership in the Association is open in a non-discriminatory manner to individuals and eligible organizations that can use the services of the Association and are willing and able to accept the responsibilities of membership.

### 2.02 Application for membership

An individual or eligible organization that wishes to become a member must submit to the Association a written application for membership in the form provided by the Association for that purpose and payment for the minimum number of membership shares required under 2.04 for membership in the Association.

### 2.03 Age qualification

To be eligible for membership in the Association, an individual must be at least 16 years of age.

### 2.04 Minimum share requirement

Each member must, as a condition of membership, subscribe to at least one (1) membership share.

### 2.05 Approval of application

The directors, or a person authorized by the directors to approve applications for membership, may approve or refuse an application for membership and may postpone consideration of an application for membership.

- 2.06 Effective date of membership  
Membership is effective on the day that the application for membership is approved under 2.05.
- 2.07 Withdrawal from membership  
A member may withdraw from membership in the Association by giving written notice to the directors of the member's intention to withdraw.
- 2.08 Effective date of withdrawal  
The membership of a member ceases on the later of the date the member gives written notice to the Association to of the intention to withdraw or the date specified in the member's written notice of intention to withdraw.
- 2.09 Notice of death or bankruptcy of individual member  
Notice to the Association of the death or bankruptcy of an individual member has the same effect as a notice of intention to withdraw, and 2.07, 2.08, 2.14, and 9.03 apply with the necessary changes, so far as applicable.
- 2.10 Notice of bankruptcy, liquidation or dissolution of eligible organization member  
Notice to the Association of the bankruptcy, liquidation or dissolution of a member that is an eligible organization has the same effect as a notice of intention to withdraw, and 2.07, 2.08, 2.14, and 9.03 apply with the necessary changes, so far as applicable.
- 2.11 Notice of permanent move  
Notice to the Association that an individual member has permanently moved their residence out of the trading area, or in the cast of member eligible organizations, where they have permanently moved their registered offices out of the trading area, has the same effect as a notice of intention to withdraw, and 2.07, 2.08, 2.14, and 9.03 apply with the necessary changes, so far as applicable.
- 2.12 Grounds for termination of membership
- (a) Subject to 2.12(b) and 2.12(c), the Association may terminate the membership of a member in accordance with the Act if:
- (i) the member has engaged in conduct detrimental to the Association;
  - (ii) the member has not paid money due by the member to the Association within a reasonable time after receiving written notice to do so from the Association;
  - (iii) in the opinion of the directors, based on reasonable grounds, the member:
    - (1) has breached a material condition of an agreement with the association, and
    - (2) has not rectified the breach within a reasonable time after receiving written notice to do so from the Association, or
  - (iv) the member has not transacted any business with the Association for a period of two (2) consecutive years.
- (b) The Association may exercise the power to terminate a membership under 2.12(a) only by a resolution of the directors passed by a majority of at least three-quarters (3/4) of all the directors at a meeting of the directors called to consider the resolution.
- (c) The provisions regarding notice of the directors' intention to consider terminating a membership and regarding the member's right to be heard are as set out in the Act.
- 2.13 Appeal of termination of membership  
A member whose membership is terminated for the reason set out in 2.12:
- (i) may appeal the termination in accordance with the Act, and
  - (ii) if they do so, the member continues to be a member of the Association, despite the resolution of the directors terminating the membership, unless the members at the general meeting to which the appeal is brought confirm the termination of membership by a special resolution.
- 2.14 Effect of termination, withdrawal or other cessation of membership
- (a) When a member withdraws from membership or a membership is terminated or ceases for any reason, all rights and privileges attached to membership cease except the right to require the Association to redeem, in accordance with 9.03 or 9.04, whichever is applicable, the member's membership shares.
- (b) The cessation of membership does not release the former member from any debt or obligation owed to the Association unless the instrument of debt or obligation states otherwise.



### 3. JOINT MEMBERSHIP

#### 3.01 Joint Membership

- (a) Two (2) or more, but no more than four (4), individuals may apply in accordance with 2.02 to be joint members.
- (b) The parties to a joint membership shall jointly purchase, as a condition of membership, at least one (1) membership share.
- (c) If an application for joint membership is approved under 2.05, the parties to the joint membership hold the membership shares as joint tenants, not as tenants in common.

#### 3.02 Voting rights of joint members

- (a) The parties to a joint membership together are entitled to one vote.
- (b) The party to the joint membership whose name appears first on the Association's register of members is entitled to cast the vote, but if that member does not do so, the party whose name next appears on the register is entitled to cast the vote, and so on if there are more than two joint members.

#### 3.03 Business done by joint members

Business done by one party to a joint membership is deemed to be business transacted by the joint membership.

#### 3.04 Joint members – liability and payments

The parties to a joint membership are jointly and separately liable for all assessments, levies, dues, fees, payments, and other charges imposed or payable with respect to membership.

#### 3.05 Withdrawal from joint membership

- (a) Joint members may withdraw with membership by complying with 2.07.
- (b) The written notice required by 2.07 must be signed by all parties to the joint membership.

#### 3.06 Death of a party to a joint membership

- (a) If the Association received proof satisfactory to it that one of the parties to a joint membership had died, the Association may treat the surviving party or parties as the owner(s) of the membership share held by the joint membership.
- (b) The death of one party to a joint membership does not have the same effect as a notice of withdrawal under 2.07.

#### 3.07 Entitlement of joint members to act as directors

Only one of the parties to a joint membership is entitled to be a director of the Association at any one time unless that party or another of the parties to the joint membership:

- (i) is a member in his or her own right, or
- (ii) is authorized to represent a member that is an eligible organization.

### 4. SHARE STRUCTURE

#### 4.01 Authorized share structure

The authorized share structure of the Association is set out in the Memorandum.

### 5. PAYMENT FOR SHARES

#### 5.01 Payment for Shares

The Association must not issue or allot membership unless the shares are paid in full.

### 6. SHARE CERTIFICATES

#### 6.01 Entitlement to share certificate

The Association is not required to issue membership share certificates

### 7. TRANSFER OF SHARES

#### 7.01 Requirement of instrument of transfer

- (a) An instrument of transfer of any shares in the Association must:
  - (i) be in writing;
  - (ii) specify the number and class of shares being transferred, and

- (iii) be executed and dated both by the transferor and transferee, or an attorney authorized in writing by the transferor or transferee, as applicable, or if the transferor or transferee is an eligible organization, by a duly authorized director, officer or attorney of the eligible organization.
- (b) The transferor remains the holder of the shares until the name of the transferee is entered in the register of members.

#### Form of transfer

Membership shares in the Association may be transferred in the following form, or in another usual or common form approved by the directors:

I, \_\_\_\_\_ [*transferor*], or \_\_\_\_\_ [*address of transferor*] in consideration of the sum of \$\_\_\_\_\_ paid to me by \_\_\_\_\_ [*transferee*], of \_\_\_\_\_ [*address of transferee*], do transfer to the transferee \_\_\_\_\_ [*number*] shares in The Slocan Valley Co-operative Association to be held by the transferee or their personal representatives and assignees, subject to the conditions on which I held the same at the time of the execution; and I, the transferee, agree to take the shares subject to those conditions.

Signed on \_\_\_\_\_ (year, month, day)

(Signature of transferor) \_\_\_\_\_

(Signature of transferee) \_\_\_\_\_

(Signature of witness) \_\_\_\_\_

#### 7.02 Effective date of transfer of shares

A transfer of shares does not take effect until:

- (i) any debt due the Association by the transferor have been paid in full;
- (ii) a duly executed copy of the transfer has been delivered to the Association;
- (iii) the transfer has been authorized by the directors, and
- (iv) if the transferee is not already a member, the transferee has applied for and been approved for membership.

#### 7.03 Registering a transfer

The directors must immediately enter the name of the transferee in the register of members when, with respect to the transfer of a share, the requirements set out in 7.02 have been met.

### 8. TRANSMISSION OF SHARES

#### 8.01 Procedure on death of a member

- (a) The person entitled to the membership of a deceased member may, on providing proof satisfactory to the directors of the death of the member and the person's entitlement:
  - (i) if the person is not a member, apply under Part 2 for membership in the Association;
  - (ii) if the person is a member, request that the directors register the membership in the member's name, or
  - (iii) apply to the directors to redeem the shares.

#### 8.02 Registration of share prohibited if person entitled is not a member

- (a) The Association must not register a membership share in the name of the person entitled to a deceased member's shares unless:
  - (i) that person is a member, and
  - (ii) the transfer has been authorized by the directors.

#### 8.03 Redemption of shares

Subject to the Act and these Rules, if the person entitled to the membership share of a deceased member does not qualify for membership under Part 2 or the directors do not authorize the transfer of shares to that person, the Association must:

- (i) Redeem those shares of the deceased member, other than those membership shares that were issued to the member by application of patronage returns credited to the member, within six (6) months of the date on which the person provided the Association with proof of their entitlement; and
- (ii) Redeem all remaining membership shares, being all membership shares that were issued to the member by the application of patronage returns credited to the member, within the time period the board deems appropriate and in accordance with the order of priority specified in 21.12.

## 9. REDEMPTION OF SHARES

### 9.01 Association authorized to purchase and redeem its shares

Subject to the Act and these Rules, the Association may, by a resolution of the directors, redeem any of its membership shares on the terms specified by the resolution, in accordance with the order of priority specified in 21.12.

### 9.02 When redemption of shares to be prohibited

The Association must not exercise its powers to redeem membership shares if there are reasonable grounds for believing that:

- (i) the Association is unable to pay its liabilities as they become due in the ordinary course of business; or
- (ii) exercising the Association's power to redeem the membership shares would:
  - (1) render the Association unable to pay its liabilities as they become due in the ordinary course of business; or
  - (2) cause the realizable value of the Association's assets to be less than its liabilities.

### 9.03 Redemption of shares on written withdrawal of membership

Subject to the Act and these Rules, when a member withdraws from membership (including deemed withdrawal specified in the case of death, bankruptcy, liquidation, dissolution or moving away of a member, as specified in 2.09, 2.10, and 2.11), the Association must:

- (i) redeem the shares of that withdrawing member, other than those membership shares that were issued to the member by the application of patronage returns credited to the member, within six (6) months after the member withdraws; and
- (ii) redeem all remaining membership shares, being all membership shares that were issued to the member by the application of patronage returns credited to the member, within the time period the board deems appropriate and in accordance with the order of priority specified in 21.12.

### 9.04 Redemption of shares on termination of membership

If the Association terminates the membership of a member under 2.12, the Association must immediately redeem all the membership shares of the member.

### 9.05 Redemption of shares on reaching 65

- (a) Subject to the Act and these Rules, an individual member, or all parties to a joint-membership having reached 65 years of age will continue to hold the minimum number of membership shares required for membership under 2.04, but may require the Association to redeem the membership shares that were issued to that member or joint-members by the application of patronage returns credited to that individual member or joint-members, by giving written notice to the Association of the request and by providing the Association with reasonable proof of their age.
- (b) Subject to the Act and these Rules, if the member or all parties to a joint-membership gives written notice to the Association as specified in 9.05(a), the Association must redeem the member's membership share referred to in 9.05(a) within six (6) months after the member has, or all parties to a joint-membership have given the Association the written notice required under 9.05(a) and accordance with the order of priority specified in 21.12.

### 9.06 Amount paid on redemption

Subject to the Act and these Rules, a member whose membership shares are being redeemed is entitled to be paid the amount paid up on the par value of each membership share.

## 10. REGISTER OF MEMBERS

### 10.01 Register of members

The Association must keep and maintain a register of members in accordance with the Act.

## 11. GENERAL MEETINGS OF THE ASSOCIATION

### 11.01 Annual General Meetings

The Association must hold a general meeting at least once in every calendar year within six (6) months after the end of its financial year.

**11.02 Order of business at annual general meeting**

The business to be conducted at annual general meetings shall be as follows and in the order determined by the directors to be appropriate:

- (i) meeting to be called to order;
- (ii) notice convening meeting to be read;
- (iii) minutes of preceding annual general meeting to be read and adopted, or amended and adopted as required;
- (iv) business arising out of minutes, if any, to be considered;
- (v) reports of standing and special committees, if any, to be read;
- (vi) financial statement to be placed before the meeting;
- (vii) reports of directors to be read;
- (viii) reports of auditors to be read;
- (ix) election of directors, if required;
- (x) appointment of auditors;
- (xi) unfinished business to be considered;
- (xii) special business to be considered;
- (xiii) new business to be considered.

**11.03 Special business**

- (a) Any business other than business listed in 11.02 is special business.
- (b) Where special business requires a vote, it must be approved by ordinary resolution unless the Act or these Rules require a special resolution.

**11.04 Special general meetings**

- (a) The calling of a special general meeting by the directors, either on their own initiative or in response to a requisition by the members, must be in accordance with the Act.
- (b) The requisitioning of a special general meeting by the members must be in accordance with the Act.
- (c) The directors may determine the order of business at a special general meeting.

**11.05 Time and place of general meetings**

Subject to the Act, general meetings must be held at the time and place in British Columbia that the directors specify.

**11.06 Electronic Attendance**

- (a) Each member is entitled to participate in a meeting of members by means of an electronic or other communication facility determined appropriate by the board. If a member participates in a meeting in this way, that member is to be considered to be present at the meeting.
- (b) A meeting of the members may be held entirely by means of an electronic or other communication facility as referenced in 11.06(a).

**11.07 Provision for 2 or more general meetings for the same matters**

- (a) If it is not possible to hold one general meeting at a time when, or place where, a large portion of the membership is able to attend, 2 or more general meetings may be held at the times and the places in British Columbia that the directors specify in accordance with the Act.
- (b) Votes taken at meetings referred to in 11.07(a) must be by secret ballot.
- (c) The sum of the total votes taken at the meetings referred to in 11.07(a) determine whether a resolution considered at those meetings is adopted or rejected.

**11.08 Record date**

- (a) The record date for any general meeting is the thirtieth (30<sup>th</sup>) day before the date of the general meeting.
- (b) Only those members whose names are entered on the register of members on the record date are entitled to vote at the general meeting.

**11.09 Notice of general meetings of the Association**

Notice of general meetings must be given to members and to the auditor in the manner set out in Part 23 of these Rules.

**11.10 Financial statement**

A copy of the financial statement that is to be placed before a general meeting must be available to the members at least fourteen (14) days before the date set for the meeting.

- 11.11 Notice of special business  
If special business is to be considered at a general meeting, the notice of the meeting must state the nature of the special business in sufficient detail to permit a member to form a reasoned judgement concerning the business.
- 11.12 Notice of special resolution  
(a) If a special resolution is to be proposed at a general meeting, the notice of the meeting must include:  
(i) the full text of the special resolution, or,  
(ii) if the full text of the special resolution is too lengthy for convenient inclusion in the notice, a summary of the text in sufficient detail to permit a member to form a reasoned judgement concerning the special resolution.  
(b) If a notice of a general meeting contains a summary of the text of a special resolution as provided in 11.12(a)(ii), the notice must also state the place where the full text of that special resolution can be obtained.
- 11.13 Notice of adjourned meeting  
If a general meeting is adjourned for fewer than thirty (30) days, it is not necessary to give notice of the reconvened meeting other than by announcement at the first meeting that is adjourned, but if a general meeting is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the reconvened meeting must be given in the same manner as for the original meeting.
- 11.14 Meeting valid despite failure to give notice  
The accidental omission to give notice of any general meeting to, or the non-receipt of any notice by, a member or person entitled to receive notice does not invalidate any proceedings at that meeting.
- 11.15 Quorum  
The quorum for the transaction of business at a general meeting is ten percent (10%) of the total number of members entitled to vote at the meeting, or fifteen (15) members, whichever is less.
- 11.16 Requirement of quorum  
No business, other than the election of a chair, as provided in 11.18, and the adjournment of the meeting, may be transacted at any general meeting unless a quorum is present at the commencement of the meeting, and if at any time during the meeting there ceases to be a quorum present any business then in process is suspended until there is a quorum present or until the meeting is adjourned or terminated as the case may be.
- 11.17 Lack of quorum  
(a) If, within one hour from the time appointed for a general meeting, a quorum is not present, the meeting:  
(i) if convened by requisition of members, must be dissolved, and  
(ii) in any other case, stands adjourned to the same day in the next week at the same time and place, unless the board changes the place of meeting out of necessity.  
(b) If at the reconvened meeting referred to in 11.17(a) a quorum is not present within one half (1/2) hour from the time appointed, the individuals present in person are deemed to constitute a quorum.
- 11.18 Chair  
The chair of a general meeting must be one of the president, the vice-president, or, if neither the president nor the vice-president is present or willing to serve, some other member elected by the members present at the general meeting.
- 11.19 Adjournments by chair  
The chair of a general meeting may, and if so directed by the members must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any reconvened meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 11.20 Minutes of meetings  
The secretary must record the minutes of all resolutions and proceedings at a general meeting.
- 11.21 Persons entitled to be present  
The only persons entitled to be present at a general meeting are those entitled to vote at the meeting, the auditor of the Association, if any, and others who are entitled or required under any provision of the Act or these Rules to be present.

**11.22 Other persons may be admitted**

A person who is not entitled to be present at a general meeting under 11.21 may be admitted to a meeting only on the invitation of the chair or with the consent of the individuals at the meeting who are entitled to vote.

**12. VOTING AT GENERAL MEETINGS****12.01 Action to be determined by ordinary resolution**

At a general meeting, every motion must be determined by ordinary resolution unless the Act or these Rules require a special resolution.

**12.02 Chair not entitled to casting vote**

In case of an equality of votes,

- (i) the chair of a general meeting is not entitled to a second or casting vote, and
- (ii) the motion is lost.

**12.03 Decision to show of hands or secret ballot**

Every motion put to a vote at a general meeting shall be decided on a show of hands unless:

- (i) the Association is required to conduct the vote by secret ballot because the Association is holding two or more general meetings as permitted in 11.07; or
- (ii) before or promptly on the declaration of the result of the vote by a show of hands, a secret ballot is directed by the chair or demanded by at least one individual who is present and entitled to vote.

**12.04 Secret ballots**

- (a) Subject to 12.03, a secret ballot must be taken in the manner and at the time, either at the general meeting or within seven (7) days after the date of the meeting, and at the place that the chair of the meeting directs.
- (b) The result of the secret ballot is deemed to be a resolution of the general meeting at which the secret ballot is demanded.
- (c) The person who demanded a secret ballot may withdraw the demand before the secret ballot is taken.

**12.05 Chair must resolve dispute on secret ballot**

The chair must determine any dispute as to the admission or rejection of a vote given on a secret ballot, and the chair's determination, made in good faith, is final and conclusive.

**12.06 Demand for a secret ballot on adjournment**

A secret ballot demanded on a motion for adjournment must be taken immediately at the meeting.

**12.07 Demand for a secret ballot not to prevent continuance of meeting**

A demand for a secret ballot does not prevent the continuation of a general meeting for the transaction of any business other than the motion on which the secret ballot has been demanded unless the chair orders otherwise.

**12.08 Declaration of result**

- (a) The chair must declare to the general meeting the decision on every motion in accordance with the result of the show of hands or the secret ballot, and that decision must be entered in the minutes of the meeting.
- (b) Where a secret ballot has been demanded, the chair must declare to the general meeting the decision on the motion is available before adjournment and, if not, then the chair must ensure that it is entered in the minutes of the meeting.

**12.09 Declaration is proof**

Unless a secret ballot is required or demanded, a declaration by the chair that a motion has been carried, or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the minutes of the general meeting is proof, in the absence of evidence to the contrary, of the fact without proof of the number or proportion of the votes recorded in favour of or against that motion.

**12.10 Retention of ballots**

Each ballot cast on a secret ballot:

- (i) must be kept at the registered office of the Association for at least three (3) months after the general meeting at which it was conducted;
- (ii) during the period referred to in 12.10(i), must be open to inspection at the registered office of the Association during the Association's normal business hours by any member entitled to vote at the meeting from which the ballot came; and

- (iii) may be destroyed at the end of the period referred to in 12.10(i).

### 13. VOTING RIGHTS OF MEMBERS

13.01 Number of votes

Subject to these Rules, a member has only one vote.

13.02 Votes of persons in representative capacity

Subject to the Act and these Rules, a person who is not registered as the holder of a membership share may be entitled to one vote at a general meeting as a representative of an individual member or an eligible organization member, and may vote in the same manner as if they were a member if, before the meeting at which they propose to vote, they satisfy the directors of their right to vote.

13.03 Voting of executors or administrators

If there are two or more executors or administrators of a deceased member in whose sole name membership shares stand, those executors or administrators must appoint an authorized representative as detailed in these Rules.

13.04 Representative of eligible organization

- (a) If an eligible organization provides evidence that complies with 13.05 of the appointment of an individual to represent it at a general meeting or a meeting,
- (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the eligible organization as that eligible organization could exercise if it were an individual member of the Association present, and
  - (ii) the representative, if present at a meeting, is to be counted for the purpose of forming a quorum.
- (b) The evidence of appointment of a representative of an eligible organization may be provided by written instrument, telegram, telex, facsimile transmission, or other method of electronic transmission.
- (c) If an eligible organization appoints a member of the Association as its representative, that individual is entitled to vote both in their own right as a member and as the representative of the eligible organization.
- (d) No individual may vote as the representative of more than three (3) eligible organizations.

13.05 Requirement for appointment of representatives

An instrument appointing a representative of an individual member who, for reasons acceptable to the directors is unable to attend in person, or a member that is an eligible organization, or the executors or administrators of a deceased member's estate:

- (i) must be in writing;
- (ii) must identify the individual member, the eligible organization, or the deceased member, and the individual appointed as the authorized representative;
- (iii) must identify the meeting for which the representative is appointed;
- (iv) must be signed by the individual member, a duly authorized director, officer or attorney of the eligible organization, or the deceased member's attorney; and
- (v) must include the date of the signature referred to in 13.05(iii).

13.06 No voting by proxy

There will be no proxy voting at meetings of the members.

13.07 Production of evidence of authority to vote

The chair of any meeting may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person evidence of their authority to vote.

### 14. DIRECTORS

14.01 Duties of directors

The directors must manage the Association in accordance with the responsibilities, duties and powers set out in the Act, the regulation, the Memorandum and these Rules.

14.02 Number of directors

- (a) The Association must have,
- (i) in accordance with the Act, at least five (5) directors, and
  - (ii) not more than nine (9) directors.

- (b) The number of directors shall be determined from time to time, within the limits set out in 14.02(a) by ordinary resolution of the members.

#### 14.03 Qualifications for directors

- (a) All of the directors of the Association must be individuals ordinarily resident in British Columbia.
- (b) All of the directors must be members of the Association or representatives of an eligible organization that is a member of the Association.
- (c) No individual is entitled to become a director of the Association if:
  - (i) the individual is under the age of eighteen (18) years;
  - (ii) the individual is found by a court, in Canada or elsewhere, to be incapable of managing the individual's own affairs;
  - (iii) the individual is an undischarged bankrupt;
  - (iv) the individual is convicted in or out of British Columbia of an offence in connection with the promotion, formation or management of a corporation, or an offence involving fraud, unless the events described in the Act have occurred;
  - (v) the individual is an employee of the Association;
  - (vi) the individual is related to an employee of the Association in any of the following ways:
    - (1) spouse;
    - (2) person living with the employee in an arrangement equivalent to spouse;
    - (3) sibling;
    - (4) child;
    - (5) parent;
    - (6) grandchild;
    - (7) grandparent;
    - (8) spouse of any of the people listed in (3) to (7) inclusive;
    - (9) the individual or a member eligible organization of which the individual is a director has not purchased goods or services, or a combination of both, from the Association during the last financial year of the Association, worth at least five hundred dollars (\$500).
  - (vii) the individual or a member eligible organization of which the individual is a director has an account with the Association that is more than sixty (60) days in arrears.

#### 14.04 Security by directors

Before entering on their duties, a director who receives or has charge of money of the Association must give security as may be considered necessary by the directors.

### 15. ELECTION, APPOINTMENT AND REMOVAL OF DIRECTORS

#### 15.01 Election at annual general meeting

An election of directors must be held at each annual general meeting to replace those directors whose terms of office have expired or will expire at the end of the meeting in accordance with 15.08.

#### 15.02 Nomination of candidates

Nominations for a director must be submitted by a member to the Board of Directors a minimum of two (2) weeks before an annual general meeting at which an election for director is to be held.

#### 15.03 Voting by secret ballot

If the number of nominees in an election for directors exceeds the number of directors to be elected at the election, the election of directors must be by secret ballot.

#### 15.04 Candidates declared elected

If the number of candidates nominated for director is equal to the number of directors to be elected, those nominated candidates are declared elected and no election is required.

#### 15.05 Directors elected according to number of votes

In an election of directors, the chair must declare elected the candidates who receive the highest number of valid votes up to the number of directors to be elected.

#### 15.06 If 2 or more candidates receive equal number of votes for last vacancy

If 2 or more candidates receive an equal number of votes for the last vacancy on the board and it is not practical to hold a run-off election at the meeting:



- (i) the directors who have already been elected in the election, and
- (ii) the directors whose terms of office will not expire at the end of the meeting at which the election is held must determine which of those candidates is to be elected.

15.07 Consent to act as director

For the election or appointment of a director to be valid, consent of the candidate must be provided in accordance with the Act.

15.08 Terms of office of directors

- (a) Except as otherwise provided in these Rules, directors hold office until their successors are elected at the third (3<sup>rd</sup>) annual general meeting following their election.
- (b) The members at a general meeting at which directors are elected are entitled, by ordinary resolution passed before the election of directors, to provide for staggered terms of office among the directors to be elected at that general meeting.
- (c) A reduction in the number of directors under 14.02 does not affect the unexpired term of a director in office.

15.09 Effect of vacancy on ability of directors to act

- (a) Despite any vacancy on the board, the continuing directors:
  - (i) if and so long as the number of continuing directors constitutes a quorum of the board, may continue to function without filling the vacancy and may appoint a qualified member to fill the vacancy,
  - (ii) if the number of continuing directors does not constitute a quorum of the board, may appoint directors for the purpose of increasing the number of directors to a quorum or to call a general meeting and for no other purposes.
- (b) Except in the circumstances described, and to the extent authorized in 15.09(a)(ii), the directors are not entitled to fill a vacancy on the board that is caused by either an increase in the number of directors under 14.02 or a failure to elect the minimum number of directors required by these Rules.
- (c) In the circumstances described in 15.09(a)(ii) or when there are vacancies on the board as a result of an increase in the number of directors under 14.02, or a failure to elect the minimum number of directors required by these Rules, the board must call, as soon as practicable, a general meeting to fill the vacancy.
- (d) The term of office of a director appointed to fill a vacancy expires at the annual general meeting that follows the director's appointment.
- (e) The term of office of a director elected to fill a vacancy expires at the annual general meeting that the director's predecessor's term of office would have expired.
- (f) If, as a result of a vacancy, there are no directors of the Association, any member may call a special general meeting to elect directors to fill the vacancies on the board.

15.10 Directors eligible for election or appointment again

A person whose term as director is ending is eligible for re-election or reappointment.

15.11 Director ceasing to hold office

A director ceases to hold office if:

- (i) the term of office of that director expires in accordance with the Act or these Rules;
- (ii) the director dies or resigns;
- (iii) the director is removed from office in accordance with the Act or these Rules; or
- (iv) the director ceases to be qualified to be or act as a director under the Act or these Rules.

15.12 Removal of director

- (a) The members, by special resolution, may remove any director before the expiration of their term of office.
- (b) Consideration of a special resolution to remove a director before the expiration of their term of office is special business and must be handled as set out in 11.11 and 11.12.
- (c) The members, by an ordinary resolution, may fill any vacancy created by the removal of a director from office under this Rule.

## 16. MEETINGS OF DIRECTORS

16.01 Meeting of directors

Subject to the Act and these Rules, the directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they consider appropriate.

16.02 Time and place of meetings

Meetings of the board must be held at the time and place in British Columbia that the board determines is appropriate, and if the board does not determine the time and place, the president of the Association or any two directors may make that determination.

16.03 Who may call the meetings

A director may, and the secretary of the Association on the request of a director must, call a meeting of the directors at any time.

16.04 Notice of meetings

- (a) Subject to 16.05, 16.06, 16.07, 16.08, and 16.09, at least seven (7) days notice of a meeting of the directors, specifying the place, date and hour of the meeting, must be given to each director and is sufficiently given if provide by:
- (i) personal delivery,
  - (ii) mail addressed to the director's address as it appears in the register of directors,
  - (iii) leaving it at the director's usual business or residential address,
  - (iv) telegram, telex, facsimile transmission, or any other method of electronic transmission, or
  - (v) telephone to the director's telephone number as provided by the director.
- (b) A notice of a meeting of directors must specify the purpose of, or the business to be transacted at, the meeting if the meeting is called to deal with an emergency.
- (c) A notice mailed under 16.04(a)(ii) is deemed received on the fourth (4<sup>th</sup>) day, not including Saturday and holidays, after the date of mailing.
- (d) A notice given in accordance with 16.04(a)(iii) is deemed received when it is delivered.
- (e) A notice given under 16.04(a)(iv) is deemed received at the time the telegram, telex, facsimile transmission or other electronic transmission is sent.
- (f) A notice given under 16.04(a)(v) is deemed received at the time the information is provided by telephone.
- (g) A director may waive notice, in any manner, or otherwise consent to the holding of a board meeting.
- (h) A director's attendance at a board meeting is deemed to be a waiver of notice and a consent to the holding of the meeting.

16.05 Meeting of new board

If a quorum of directors is present, the directors newly elected at an annual general meeting and the directors whose terms of office do not expire at the end of that meeting, without notice, may hold a meeting of the board immediately after that general meeting.

16.06 Regular meetings

- (a) The board may, by resolution, appoint a day or days in any month or months for regular board meetings at the places and times specified by the board.
- (b) A copy of the resolution under 16.06(a) must be sent to each director immediately after being passed, and no other notice is required for any regular board meeting, unless the Act or these Rules require that the purpose of the meeting or the business to be transacted at it be specified in a notice.

16.07 Notice of emergency meeting

In an emergency, the president of the Association may call a meeting of the directors by giving each director at least forty-eight (48) hours written or oral notice of the meeting.

16.08 Notice of reconvened meeting

Notice of a reconvened meeting of directors is not required if the time and place of the reconvened meeting is announced at the original meeting.

16.09 Meeting valid despite failure to give notice

The accidental omission to give notice of any meeting to, or the non-receipt of any notice by, a director does not invalidate any proceedings at that meeting.

16.10 Quorum of the board

A quorum of the board is a majority of the total number of directors that constitutes a full board.

16.11 Chair

- (a) Subject to 16.11(b), the president of the Association or, in the absence of the president, the vice-president must chair all meetings of the board.

- (b) If the president and vice-president are unable or unwilling to chair a meeting of the board, the directors present must appoint one of their number to chair the meeting.
- 16.12 Voting at meetings  
Questions arising at any meeting of the directors are to be decided by a majority of votes, unless the Act or these Rules require otherwise and, in the case of an equality of votes, the chair does not have a second or casting vote and the motion is lost.
- 16.13 Minutes of directors' meetings  
The minutes of the proceedings of the directors must be kept in accordance with the Act.
- 16.14 Transaction of business without a meeting  
A resolution of the directors may be passed without a meeting if a majority of the directors entitled to vote on the resolution consents to the resolution in writing.
- 16.15 Effective date of written resolution  
A resolution referred to in 16.14 is effective from the date specified in the resolution, but that date must not be before the day on which the last director consents in writing to the resolution.
- 16.16 How written consent may be given  
For the purpose of a resolution referred to in 16.14, written consent may be provided by telegram, telex, facsimile transmission or any other method of transmitting legible recorded messages.
- 16.17 Directors' meetings by conference telephone  
A director may participate in a meeting of the directors by means of telephone or other communications medium if all persons participating in the meeting, whether by telephone, other communications medium or in person, are able to communicate with each other.
- 16.18 Remuneration
- (a) Directors are entitled to receive remuneration for their services at rates determined from time to time by ordinary resolution of the members at a general meeting.
  - (b) Directors are entitled to be reimbursed for travelling and other expenses properly incurred by them for attending board or committee meetings.

## 17. COMMITTEES

- 17.01 Appointment of committees
- (a) The board may, by resolution, appoint one or more committees consisting of the director(s) and member(s) that the board consider appropriate to exercise the powers delegated by the board to them as authorized by the Act.
  - (b) Any committee so formed, in the exercise of the powers delegated to it, must:
    - (i) conform to any terms of reference that may from time to time be imposed on it by the directors, and
    - (ii) report every act or thing done in the exercise of those powers to the earliest meeting of the directors held next after the act or thing has been done.
  - (c) The board is not entitled to delegate to a committee its power to appoint an individual to fill a vacancy on the board or any authority by the Act to be exercised by the board as a whole.
- 17.02 Variation of terms of reference  
The board may vary, add to or limit the terms of reference of any committee.
- 17.03 Time and place of committee meetings  
The members of a committee may meet and adjourn as they consider appropriate.
- 17.04 Committee meetings by conference telephone  
A committee member may participate in a committee meeting by means of telephone or other communications medium if all persons participating in the meeting, whether by telephone, other communications medium or in person, are able to communicate with each other.
- 17.05 Quorum  
Unless the board determines otherwise, each committee has the power to fix its quorum at not less than a majority of the committee members.
- 17.06 Vacancy  
If there is a vacancy on a committee, the remaining committee members may exercise all the powers of the committee as long as a quorum of the committee remains in office.

17.07 Chair

A committee may elect a chair of its meetings, but if no chair is elected, or if at any meeting the chair is not present within 15 minutes after the time appointed for holding a meeting, the members present may, by resolution, choose one of their number to chair the meeting.

17.08 Voting at committee meetings

Questions arising at any meeting of a committee are determined by a majority of votes of the members present, and in case of an equality of votes the chair has no second or casting vote and the motion is lost.

17.09 Minutes of committee meetings

The minutes of the proceedings of a committee must be kept in accordance with the Act.

**18. OFFICERS**18.01 Appointment of president and vice-president

The board must appoint, by resolution, a president and a vice-president of the Association from among the directors.

18.02 Appointment of other officers

- (a) The board, by resolution, must appoint a secretary, and may appoint a treasurer and other officers that the board determines are necessary.
- (b) The officers appointed under 18.02(a) may be, but need not be, directors.

18.03 One person may hold more than one office

Two or more offices of the Association may be held by the same individual, except the offices of president, vice-president and/or secretary may not be held by the same individual.

18.04 Powers and duties of officer

Subject to the Act, the board may specify the powers, duties and responsibilities of the officers appointed, and may vary, add to, or limit the powers, duties and responsibilities of any officer.

18.05 Term of office and remuneration

- (a) The board must determine the term of office and may determine remuneration, if any, of any officer it appoints.
- (b) The board, in its discretion, may remove any officer of the Association without prejudice to that officer's rights under any employment contract.

18.06 Security by officers

Before entering their duties, an officer who receives or has charge of money of the association must give security as may be considered necessary by the directors.

**19. CONFLICT OF INTEREST RULES FOR DIRECTORS AND OFFICERS**19.01 Act applies

The directors and officers of the Association are governed by the disclosure and conflict of interest provisions in the Act.

**20. INDEMNIFICATION OF DIRECTORS AND OFFICERS**20.01 Act applies

The Association must indemnify the directors and officers in accordance with the Act.

**21. FINANCES**21.01 Borrowing powers

In addition to the powers given to directors by the Act, the directors, for the purpose of the Association and on behalf of the Association, may:

- (a) borrow or raise money in the manner and amount, from the sources, on terms and conditions; and,
- (b) issue notes, bonds, debentures and other debt securities as the directors consider appropriate.

21.02 Investment powers

Subject to any limitations adopted by the members or the directors, the directors may invest the funds of the Association in the manner they consider appropriate.

21.03 No loans for shares

The Association must not provide loans on the security of its shares.

21.04 Auditor

- (a) At each annual general meeting, the members must appoint an auditor by ordinary resolution to hold office until the close of the next general meeting, but, if an appointment is not made at an annual general meeting, the auditor in office is entitled to continue as auditor until a successor is appointed.
- (b) The duties and rights of the auditor are governed by the Act.
- (c) The provisions respecting the qualifications and removal of the auditor are as provided in the Act.
- (d) The directors shall set the remuneration for the auditor.

21.05 Accounting records

The directors must cause accounts to be kept in accordance with the Act.

21.06 Financial year

The financial year of the Association ends on October 31<sup>st</sup>.

21.07 Use of surplus

The board must apply surplus arising from the operation of the Association in a financial year as follows:

- (i) first, to the reserves required by 21.09;
- (ii) next, to retire all or a portion of any deficit previously incurred by the Association, as the directors determine is appropriate;
- (iii) last, to patronage returns as recommended by the directors.

21.08 Deficits

- (a) If the calculation of the Association's surplus in any financial year produces a negative amount, this amount shall be the Association's deficit for that financial year.
- (b) The Association shall carry forward any deficit it has and deduct it from surpluses arising in subsequent financial years, or charge the deficit against the general reserve fund, or charge part of the deficit against the general reserve fund and carry forward the balance, as the board determines appropriate.

21.09 Reserves and patronage returns

- (a) After providing for:
  - (i) reserves, in the board's discretion, but being at least 10% of the surplus;
  - (ii) deficits, as described in 21.08; and
  - (iii) income tax;the Association, by resolution of the board, may allocate among the credit to each member the remaining surplus for each financial year of the Association, in proportion to the business done by the member with the Association in that financial year as computed by the board in accordance with 21.09(b).
- (b) The board shall compute the amount of business done by each member with the Association in a financial year by taking into account:
  - (i) the quantity, quality, kind and value of things sold by the Association to the member; and
  - (ii) the services rendered by the Association to the member;with appropriate differences for the different classes, grades or qualities of the goods and services.

21.10 Application of reserves

Subject to the Act and these Rules, reserves must be available to meet contingencies and until required for that purpose may be employed in any manner the directors consider appropriate.

21.11 When payment of patronage returns prohibited

The Association must not pay any patronage return if there are reasonable grounds for believing that:

- (i) the Association is unable to pay its liabilities as they become due in the ordinary course of business, or
- (ii) paying the patronage return would:
  - (1) render the Association unable to pay its liabilities as they become due in the ordinary course of business, or
  - (2) cause the realizable value of the Association's assets to be less than its liabilities.

**21.12 Redemption of membership shares**

Subject to the Act and 9.02, the Association may redeem the membership shares that were issued to members by the application of patronage returns credited to the members, at such time and in such amounts as, in the discretion of the board, the financial position of the Association permits, according to the following order of priority:

- (i) first, to the estates of individual members, notice of whose death the Association has received;
- (ii) next, to individual members who have reached the age of sixty-five (65) years and who have given notice to the Association as specified in 9.05, but the Association must not reduce the number of membership shares held by any member below the minimum number of membership shares required for membership under 2.04;
- (iii) next, to individual members who have permanently moved their residence out of the trading area, or, in the case of member eligible organizations, where they have permanently moved their registered offices out of the trading area;
- (iv) next, to the remaining members according to a formula as determined from time to time by the board, but the Association must not reduce the number of membership shares held by any member below the minimum number of membership shares required for membership under 2.04;
- (v) last, to members who have requested redemption for other reasons, including, but not limited to:
  - (1) liquidation and dissolution, or receivership, of a member eligible organization;
  - (2) bankruptcy of a member.

**22. DISPUTE RESOLUTION****22.01 Disputes to be referred to mediation**

In cases where conflict between directors, members or groups of members cannot be resolved within three regular meetings,

- (i) an outside mediator acceptable to all parties will be chosen. If this is not possible, a mediator will be chosen by all the directors, minus one.
- (ii) The role of the mediator will be to help the members arrive at a consensus decision. A decision must be reached within a maximum of 3 meetings with the mediator over a period of not more than eight weeks.
- (iii) Should consensus not be reached, the members agree to accept a recommendation from the mediator which will be voted on at a regular meeting of the directors, in the case of a dispute involving only the directors, or the membership in all other cases.

**23. NOTICES****23.01 Notice to directors, members, and other persons**

Unless otherwise specified in the Act of the Rules, any notice required to be given to a director, member, or any other person must be in writing and is sufficiently given if it is:

- (i) delivered personally,
- (ii) delivered to the person's last known address, as recorded in the Association's register of members or other record of the Association,
- (iii) mailed by prepaid mail to the person's last known address, as recorded in the Association's register of members or other record of the Association,
- (iv) sent to the person by facsimile transmission to a telephone number provided for that purpose, or
- (v) served in accordance with 24.01 or 24.02.

**23.02 Notice of general meetings and special resolutions**

- (a) Notice of the time and place of every general meeting of the Association must be given to the members by:
  - (i) Advertising on two (2) separate occasions, at least five (5) days apart, including the day of publication, in one or more newspapers circulating in the area or areas in which the Association carries on business so that the day of publication of the last advertisement is at least fourteen (14) days before the meeting date; and
  - (ii) posting the notice in places that, in the directors' opinion, are prominent and accessible to the members; and
  - (iii) inclusion in the Association's advertising, including print and electronic flyers and newsletters.
- (b) Notices given under this Rule must specify:
  - (i) the place, the day and the hour of the meeting; and
  - (ii) in the case of special business, the general nature of the business in accordance with 11.11, and

- (iii) in the case of a proposed special resolution, the text of the special resolution in accordance with 11.12.
  - (c) Notice of a general meeting must be given to the Association's auditor by post, service, or delivery.
  - (d) Notice to directors of general meetings is sufficient if given in accordance with 23.02(a).
- 23.03 Notice to Association  
Unless otherwise specified in the Act or these Rules, any notice required to be given to the Association must be in writing and is sufficiently given if it is:
- (i) delivered to the registered office of the Association,
  - (ii) mailed to the registered office of the Association by prepaid mail,
  - (iii) sent by facsimile transmission to a telephone number provided for that purpose, or
  - (iv) served in accordance with 24.02.
- 23.04 Deemed receipt
- (a) A notice given in accordance with 23.01(ii) or 23.03(i) is deemed received when it is delivered.
  - (b) A notice given in accordance with Rules 23.01(iii) or 23.03(ii) is deemed received on the fourth (4<sup>th</sup>) day, not including Saturday and holidays, after the date of mailing.
  - (c) A notice given in accordance with 23.01(iv) is deemed to be received at the time the notice is sent by facsimile.
  - (d) A notice given in accordance with 23.02(i) is deemed received on the day of the newspaper's publication of the last advertisement.
- 23.05 Computation of time  
In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving notice must be excluded and the date of the meeting or other event must be included.
- 23.06 Undelivered notices  
If a mailed notice is returned on two consecutive occasions because the intended recipient cannot be found, the Association is not required to give any further notices to that intended recipient until the intended recipient informs the Association in writing of their new address.
- 23.07 Omissions, non-receipt and errors  
The accidental omission to give a notice to, or the non-receipt of a notice by, a member, director, officer, auditor or member of a committee of the board, or an error in a notice that does not affect the substance of it, does not invalidate any action taken at a meeting held in accordance with, or otherwise founded on, that notice.
- 23.08 Persons entitled by death or operation of law bound by notice in certain circumstances  
A person who, by operation of law, transfer, death of a member, or any other means, becomes entitled to a share in the Association, is bound by every notice in respect of the share that has been duly given to the member from whom that person derives title to the share before the person's name and address were entered on the register of members or and before the person furnished the Association with the proof of authority or evidence of the person's entitlement.

## 24. SERVICE OF DOCUMENTS

- 24.01 Service by the Association
- (a) A notice or other document required by the Act to be served by the Association may be served by:
    - (i) mailing it by registered mail to the last known address of the intended recipient, as recorded in the Association's register of members or other record of the Association,
    - (ii) personal service, or
    - (iii) by facsimile or other electronic means to a telephone number or address provided by the member for that purpose.
  - (b) A notice or other document served under 24.01(a)(i) is deemed received on the second day, not including Saturday and holidays, after the date of mailing.
- 24.02 Service on the Association  
A document or other record may be served on the Association by:
- (i) leaving it at, or mailing it by registered mail to, the registered office of the Association;
  - (ii) personally serving a director or officer of the Association; or

- (iii) by facsimile or other electronic means to a telephone number or address provided by the Association for that purpose.

## 25. CORPORATE SEAL AND EXECUTION OF INSTRUMENTS

### 25.01 Use of corporate seal

The directors may provide a seal for the Association and may determine its form.

### 25.02 Custody of seal

The directors must provide for the safe custody of the seal, which must be stored at the registered office of the Association.

### 25.03 Who may attest seal

The seal must not be impressed on any instrument unless that impression is attested by the signature or signatures of:

- (i) any 2 directors,
- (ii) an officer and a director, or
- (iii) one or more directors, officers or other persons as determined by resolution of the directors.

## 26. RECORDS

### 26.01 Records of the Association

Retention of, and entitlement and access to, records of the Association are governed by the Act.

## 27. ALTERATION OF MEMORANDUM OR RULES

### 27.01 Alteration of memorandum or Rules

Amendments to the memorandum and Rules of the Association must be in accordance with the Act and these Rules.

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