

## COOPERATIVE ASSOCIATION ACT

# Rules of the West Coast Cooperative of Sex Industry Professionals

### PART 1 - INTERPRETATION

1. 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 “Cooperative” both mean the West Coast Cooperative of Sex Industry Professionals;
  - “member” means a member of the Association and includes a joint member;
  - “policies” means “reasonable policies of uniform application as determined by the board from time to time; and
  - “reconvened meeting” means the meeting to which a meeting is adjourned;
  - “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; and words in the singular form include the plural and vice versa.
2. Subject to Rule 1, 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.
3. Words in the singular form include the plural and vice versa; and words importing a specific gender include the other gender.
4. If there is a conflict or inconsistency between the Act and the Rules, the Act governs.

### PART 2 - MEMBERSHIP

5. Membership in the Association is open in a non-discriminatory manner to individuals who have personal experience in the sex industry and can provide evidence of that experience as outlined in the Association’s application for membership; who are dedicated to creating meaningful change in the lives of sex workers in British Columbia; and are willing and able to accept the responsibilities of membership.
6. An individual who 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 their Membership Shares. The share may be paid over time according to an instalment plan approved by the directors.
7. To be eligible for membership in the Association, an individual must be at least 16 years of age.
8. Each member must, as a condition of membership, subscribe to one Membership Share.
9. The board may approve or refuse an application for membership and may postpone consideration of an application for membership.
10. Membership is effective on the day that the application for membership is approved under Rule 9.
11. A member may withdraw from membership in the Association by
  - (a) giving a minimum of sixty (60) days written notice to the board of the member’s intention to withdraw, and
  - (b) surrendering any share certificates in respect of Membership Shares and, if applicable, Investment Shares.
12. The membership of a member ceases on the date indicated on the notice given under Rule 11 (a), provided the member has complied with the requirements of Rule 11 (b).

13. Subject to Rule 21 (2), notice to the Association of the death or bankruptcy of a member has the same effect as a notice of intention to withdraw, and Rules 11, 12, 16 and 46 apply with the necessary changes, so far as applicable.
14. The Association may terminate the membership of a member in accordance with the Act if
- (a) the member has engaged in conduct detrimental to the Association, 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,
  - (b) in the opinion of the board, based on reasonable grounds, the member
    - (i) has breached a material condition of an agreement with the association, and
    - (ii) has not rectified the breach within a reasonable time after receiving written notice to do so from the Association, or
  - (c) the member has not transacted any business with the Association for period of five consecutive years.
15. (1) A member whose membership is terminated for the reason set out in Rule 14 (d)
- (a) may appeal the termination in accordance with the Act, and
  - (b) if they appeal, the individual continues to be a member of the Association, despite the resolution of the board terminating the membership, unless the members at the general meeting to which the appeal is brought confirm the termination of membership by a simple majority.
- (2) The right of appeal of a person whose membership in the Association is terminated for a reason set out in Rule 14 (a) to (c) is governed by the Act.
16. (1) 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 Rule 35, the member's Membership Shares and, if applicable, Investment Shares.
- (2) 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.

### PART 3 - SHARE STRUCTURE

17. The authorized share structure of the Association is set out in the memorandum.
18. The Association may issue to members and non-members the classes of Investment Shares set out in Column 1, below, with the special rights and restrictions set out opposite in Column 2.

Class A Preferred Investment Shares	<input type="checkbox"/> Have no par value <input type="checkbox"/> May be purchased by members and non-members at a price that shall be determined by the directors from time to time; <input type="checkbox"/> May bear an interest rate that shall be set by the directors from time to time, but at no time shall the rate set be lower than that applied to the Membership Shares. Interest shall be declared and paid on Class A Preferred Investment Shares before any interest on Membership Shares, dividends or patronage rebates are paid to members. <input type="checkbox"/> With the consent of the directors, may be transferred to persons; <input type="checkbox"/> Shall be redeemable or transferable in accordance with these Rules and policies of the cooperative. Redemption of a Class A Preferred Investment share shall be at fair market value as determined periodically by an independent third party. <input type="checkbox"/> Upon dissolution, will be redeemed prior to Membership Shares.
-------------------------------------	--

### PART 4 - PAYMENT FOR SHARES

19. The Association must not issue or allot Membership or Investment Shares unless the shares are paid for in full in cash.

### PART 5 - SHARE CERTIFICATES

20. The Association must issue certificates in respect of Membership Shares and Investment Shares in accordance with the Act.
21. Every share certificate issued by the Association must comply with the Act and be in a form approved by the board.
22. Each share certificate issued by the Association must be signed manually by at least two directors or officers of the Association.
23. If a share certificate is lost, stolen or destroyed, the Association must issue to the member entitled to the lost, stolen or destroyed certificate a new share certificate as a replacement if
  - (a) the Association has no notice that the lost, stolen or destroyed certificate has been acquired by a purchaser for value who entered into the transaction honestly and without notice of any adverse claim, including a claim that a transfer was or would be wrongful,
  - (b) the board are satisfied that the certificate is lost, stolen or destroyed,
  - (c) the Association receives payment of the reasonable fee, if any, required by the board for the issue of a replacement certificate, and
  - (d) the Association receives the indemnity, if any, the board consider appropriate.

### PART 6 - TRANSFER OF SHARES

24. Membership Shares in the Association may not be transferred, but may be redeemed by the Association.
25. (1) An instrument of transfer of Investment Shares in the Association must
  - (a) be in writing,
  - (b) specify the number and class of shares being transferred, and
  - (c) be executed and dated both by the transferor and transferee, or an attorney authorized in writing by the transferor or transferee, as applicable.
 (2) The transferor remains the holder of the shares until the name of the transferee is entered in the register of members or the register of Investment Shareholders.
26. Investment Shares in the Association may be transferred in the following form, or in another usual or common form approved by the board :
 

I, \_\_\_\_\_ [*transferor*], of \_\_\_\_\_ [*address of transferor*] in consideration of the sum of \$\_\_\_\_ paid to me by \_\_\_\_\_ [*transferee*], of \_\_\_\_\_ [*address of transferee*], do transfer to the transferee \_\_\_\_\_ [*number and class*] shares in the **West Coast Cooperative of Sex Industry Professionals**, for which certificates are attached, to be held by the transferee or his or her 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)
27. A transfer of shares does not take effect until
  - (a) any lien of the Association on the shares has been satisfied,
  - (b) the transfer has been authorized by the board , and
  - (c) the name of the transferee is entered in the register of Investment Shareholders.
28. The board must immediately enter the name of the transferee in the register of Investment Shareholders when, with respect to the transfer of a share,
  - (a) the requirements set out in Rule 27 (a) and (b) have been met,
  - (b) a duly executed instrument of transfer with the certificate issued in respect of the share attached has been delivered to the Association, and
  - (c) that certificate has been cancelled.
29. The Association may refuse to register a transfer or acknowledge an assignment of Investment Shares, dividends or interest affected by a lien established by the Act.

### PART 7 - TRANSMISSION OF SHARES

30. The person entitled to the Investment Shares of a deceased member may, on providing proof satisfactory to the board of the death of the member and the person's entitlement,
- (a) apply to the board to redeem the investment shares, or
  - (b) request that the board register the Investment Shares in the heir's name.
31. The Association must, subject to the Act, redeem Membership Shares by paying to the deceased member's heir, within 1 year of the date on which the person provided the Association with proof of their entitlement, the amount paid up on the shares.

#### **PART 8 - REDEMPTION OF SHARES**

32. Subject to the Act, these Rules and the special rights and restrictions attached to any class of shares, the Association may, by a resolution of the board, redeem any of its shares at the price and on the terms specified by the resolution.
33. (1) If the Association proposes, at its option, to redeem some but not all of the shares of any class of shares, it must make the same option available to every shareholder who holds that class of shares.
- (2) A redemption of shares under sub rule (1) must be made on a fair and equitable basis.
34. Subject to the Act, the Association may sell any share redeemed by it, but, while the Association retains the share, the Association must not exercise any vote, or pay or make any dividend or other distribution, in respect of that share.
35. Subject to the Act, if a member withdraws from membership, the period within which the Association must redeem the shares of the former member is one year from the effective date of the withdrawal.
36. If the Association terminates the membership of a member under Rule 14, the Association must redeem the shares of the member in accordance with the Act.
37. A member is entitled to the amount paid up on the par value of a Membership Share on redemption by the Association under this Part.

#### **PART 9 - REGISTER OF MEMBERS AND REGISTER OF INVESTMENT SHAREHOLDERS**

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

#### **PART 10 - GENERAL MEETINGS OF THE ASSOCIATION**

39. The Association must hold its first and subsequent general meetings within the time provided by the Act. The first annual general meeting of the Cooperative shall be held in the third month from the date of incorporation at a time and place as the board determines.
40. The Cooperative will hold future annual general meetings within four months of each fiscal year-end. At the commencement of each annual general meeting, each member will be given:
- (a) minutes of the last annual general meeting, and
  - (b) financial statements for the year.
41. At each annual general meeting the following business must be considered:
- (a) report of the board ;
  - (b) financial statements;
  - (c) auditor's report, if applicable;
  - (d) election or appointment of board ;
  - (e) appointment or waiver of appointment of auditor.
42. The order of business at annual general meetings, to the extent appropriate in the circumstances, must be as follows:
- (a) meeting to be called to order;
  - (b) notice convening meeting to be read;
  - (c) minutes of preceding annual general meeting to be read and adopted, or amended and adopted as required;
  - (d) business arising out of minutes to be considered;
  - (e) reports of standing and special committees to be read;

- (f) financial statement to be placed before the meeting;
  - (g) reports of board and auditors to be read;
  - (h) election of board and appointment of auditors;
  - (i) special business to be considered;
  - (j) unfinished business to be considered;
  - (k) new business to be considered.
43. (1) Any business other than business listed in Rule 41 is special business.  
(2) Special business must be approved by the consensus process described in Part 11 of these Rules unless the Act requires otherwise.
44. The calling of special general meetings by the board or the members shall be in accordance with the Act.
45. General meetings must be held at the time and place in British Columbia that the board specifies or, in accordance with the Act, outside British Columbia.
46. The record date for any general meeting is the 30<sup>th</sup> day before the date of the meeting of members. Only those members whose names are entered on the register of members on the record date are entitled to participate in decision making at the general meeting.
47. Notice of general meetings must be given to members and to the auditor of the Association, if any, in accordance with the Act.
48. A copy of the financial statement that is to be placed before a general meeting must be provided to the members at least 10 days before the date set for the meeting.
49. If special business is to be considered at a general meeting, the notice of the meeting under Rule 47 must state the nature of the special business in sufficient detail to permit a member to form a reasoned judgment concerning the business.
50. (1) If a special resolution is to be proposed at a general meeting, the notice under Rule 47 of that meeting must include
  - (a) the full text of the special resolution, or,
  - (b) 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 judgment concerning the special resolution.(2) If a notice under Rule 47 contains a summary of the text of a special resolution as provided in sub rule (1) (b), the notice must also state the place where the full text of that special resolution can be read or copied.
51. If a general meeting is adjourned for fewer than 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 30 days or more, notice of the reconvened meeting must be given in the same manner as for the original meeting.
52. The notice and financial statement required to be provided to members under this Part must be given in a manner permitted in Part 23 of these Rules.
53. 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.
54. The quorum for the transaction of business at a general meeting is 50% of the total number of members entitled to vote at the meeting, but never less than five members present in person.
55. No business, other than the appointment of the Chair 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 progress is suspended until there is a quorum present or until the meeting is adjourned or terminated as the case may be.

- 56.(1) If, within one hour from the time appointed for a general meeting, a quorum is not present, the meeting,
- (a) if convened by requisition of members, must be dissolved, and
  - (b) in any other case, stands adjourned to the same day in the next week at the same time and place, unless the place of meeting is changed out of necessity.
- (2) If at the reconvened meeting referred to in sub rule (1) a quorum is not present within ½ hour from the time appointed, the members present in person or represented by proxy are deemed to constitute a quorum.

57.The directors shall choose a Chair for each general meeting.

58.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.

59.The board at a general meeting must appoint a recorder for the meeting.

60.The recorder must record the minutes of all resolutions and proceedings at a general meeting.

61.The Association may permit members to participate in general meetings and vote by telephone, e-mail or other communications medium in accordance with the Act.

#### **PART 11 - DECISION MAKING**

62.Unless otherwise required by the Act or these Rules, all decisions of the members and of the board will be made using the consensus process as described in this Part.

63.If consensus is not reached at a meeting of members or of the board at which a decision is sought, then at the discretion of the board or on the request of a member, a special meeting of the members or the board, as may be applicable, shall be called for the same day the next week at the same time and place. If consensus is not reached at that meeting then a further meeting shall be called for the same day the next week at the same time and place; a mediator may be present at this meeting.

64.If consensus is not reached under Rule 63, an additional special meeting of the members or the board called similarly may pass the proposal or resolution with a 75% vote of those present at the meeting by use of a poll and the result shall be a decision.

65.Every member present in person at a meeting, including the Chair, if the Chair is a member, shall have one vote only whenever a vote is taken, except as provided in the Act.

66.Unless otherwise provided in these Rules or the Act, every motion for a resolution put to a vote at a general meeting is to be decided on a show of hands unless before or promptly on the declaration of the result of the vote by a show of hands, a poll is directed by the Chair or demanded by at least one individual who is present and entitled to vote.

#### **PART 12 - MEETINGS OF INVESTMENT SHAREHOLDERS**

67.Subject to the Act and these Rules, the Rules relating to general meetings apply, with the necessary changes and so far as they are applicable, to a meeting of Investment Shareholders.

68.Notice of a meeting of Investment Shareholders must be given in accordance with the Act or in a manner permitted in Part 25 of these Rules.

#### **PART 13 - VOTING RIGHTS OF MEMBERS AND INVESTMENT SHAREHOLDERS**

69.The right of a member to participate in a general meeting and of an Investment Shareholder to vote at a meeting of Investment Shareholders and the restrictions on those rights, are governed by the Act.

70. An individual member may participate by proxy at a general meeting in accordance with the Act and these Rules if the member's off season residence, as determined from the register of members of the Association, is more than 80 km from the place of the meeting.

71. An Investment Shareholder may vote by proxy at a meeting of Investment Shareholders or of Investment Shareholders of a particular class of Investment Shares and the proxy may be any person appointed by the Investment Shareholder.

72. A proxy must

- (a) be in writing,
- (b) identify the appointing shareholder and the proxy holder,
- (c) identify the meeting in respect of which the proxy is given or the meeting for which the representative is appointed,
- (d) be signed by the appointing member or Investment Shareholder or an attorney authorized in writing by the appointing member or Investment Shareholder, and
- (e) include the date of the signature referred to in paragraph (d).

73. An instrument appointing a proxy may be in the following form or in any other form approved by the board :

I, \_\_\_\_\_, of \_\_\_\_\_, a member/investor of **West Coast Cooperative of Sex Industry Professionals** hereby appoint \_\_\_\_\_ as my proxy to vote for me and on my behalf:

[Check and complete applicable statement]

- at the general meeting to be held on \_\_\_\_\_ [year, month, day] and any adjournment of that meeting, and the person I am appointing is a member of the Association.
- at the meeting of Investment Shareholders to be held on \_\_\_\_\_ [year, month, day] , and at any adjournment of that meeting.
- at the meeting of Investment Shareholders of Class A p Investment Shares to be held on \_\_\_\_\_ [year, month, day], and any adjournment of that meeting.

Signature \_\_\_\_\_ Date \_\_\_\_\_  
[year, month, day]

74. A signed proxy must be deposited

- (a) at the registered office of the Association or at any other place specified for the purpose in the notice calling the meeting, at least 48 hours, excluding Saturdays and holidays, before the time for holding the meeting in respect of which the person named in the instrument is appointed, or
- (b) at the place specified for the meeting, before its commencement, with a director or officer or the solicitor of the Association.

75. A vote given in accordance with the terms of the proxy is valid despite the death or incapacity of the member giving the proxy or despite the revocation of the proxy or of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received at the registered office of the Association, or by the Chair of the meeting or reconvened meeting for which the proxy was given, before the vote is taken.

76. A proxy may be revoked in any manner provided by law including by an instrument in writing that is

- (a) signed by the member giving the proxy or by their agent authorized in writing, and
- (b) delivered to
  - (i) the registered office of the Association, at any time up to and including the last business day preceding the day of the meeting, or any adjournment of that meeting, at which the proxy is to be exercised, or
  - (ii) the Chair of the meeting, on the day of the meeting or any adjournment of that meeting before the taking of any vote in respect of which the proxy is to be exercised.

77. 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.

#### **PART 14 - THE BOARD**

78. The board must manage the Association in accordance with the responsibilities, duties and powers set out in the Act, the regulation, the memorandum and these Rules.
79. (1) The Association must have, in accordance with the Act, at least three members  
(2) The number of board members may be increased by ordinary resolution of the members.

#### **PART 15 - ELECTION, APPOINTMENT AND REMOVAL OF THE BOARD**

80. An election of the board must be held at each annual general meeting to replace those board members whose terms of office have expired or will expire at the end of the meeting in accordance with Rule 87.
81. A member may nominate a candidate for director either before or at an annual general meeting at which a director is to be elected.
82. If the number of nominees in an election for the board exceeds the number of board to be elected at the election, the election of the board must be by secret ballot.
83. If the number of candidates nominated for director is equal to the number of board to be elected, those nominated candidates are declared elected and no election is required.
84. In an election of the board, the Chair must declare elected the candidates who received the highest number of valid votes up to the number of board to be elected.
85. If two 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,  
(a) the board who have already been elected in the election, and  
(b) the board whose terms of office will not expire at the end of the meeting at which the election is held  
may determine which of those candidates is to be elected.
86. For the election or appointment of a director to be valid, consent of the candidate must be provided in accordance with the Act.
87. At the first general meeting there shall be elected to the board five (5) or more members, half of whom shall be elected for two year terms and half of whom shall be elected for one year terms and thereafter the positions for the Board of Directors shall be filled for a two year term except that a person elected to fill an unexpired term shall only hold office until the expiry of that term.
88. (1) Despite any vacancy on the board, the continuing members  
(a) if and so long as the number of continuing board members constitutes a quorum of the board, may continue to function without filling the vacancy and may appoint a qualified member to fill the vacancy, or  
(b) if the number of continuing board members does not constitute a quorum of the board, may appoint members for the purpose of increasing the number of board members to a quorum.  
(2) Except in the circumstances described, and to the extent authorized in sub rule (1)(b), the board members are not entitled to fill a vacancy on the board that is caused by either an increase in the number of members under Rule 80 or a failure to elect the minimum number of members required by these Rules.  
(3) In the circumstances described in sub rule (1)(b) or when there are vacancies on the board as a result of and increase in the number of members under Rule 80 or a failure to elect the minimum number of members required by these Rules, the board must call, as soon as practicable, a general meeting to fill the vacancy.  
(4) The term of office of a board member appointed under sub rule (1)(a) is the unexpired portion of the term of office of the individual whose departure from the office created the vacancy.  
(5) The term of office of a board member appointed under sub rule (1)(b) or (2) is until the vacancy is filled under sub rule (3).

- (6) If, as a result of a vacancy, there are no board members of the Association, the members may, by ordinary resolution or by an instrument in writing signed by a simple majority of members, appoint a qualified individual as a board member solely for the purpose of calling a special general meeting to fill the vacancies on the board.
89. A person whose term as a board member is ending is eligible for re-election or reappointment. A director may not serve more than three consecutive terms.
90. A board member ceases to hold office in accordance with the Act and these Rules.
91. The Association may by special resolution remove any board member before the expiration of their term of office, and may by an ordinary resolution fill the vacancy created by the removal.

#### **PART 16 - MEETINGS OF THE BOARD**

92. Subject to the Act and these Rules, the board may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they consider appropriate.
93. 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 board members may make that determination.
94. A member of the board may, and the secretary of the Association on the request of a member of the board must, call a meeting of the board at any time.
95. (1) Subject to Rules 96, 97, 98, 99 and 100, at least 10 days notice of a meeting of the board, specifying the place, date and hour of the meeting, must be given to each member of the board and is sufficiently given if provided
- (a) by personal delivery,
  - (b) by mail addressed to the member's address as it appears in the register of board,
  - (c) by leaving it at the member's usual business or residential address,
  - (d) by telegram, telex, facsimile transmission, or any other method of transmitting legibly recorded messages, or
  - (e) by telephone to the member's telephone number as provided by the director.
- (2) A notice of a meeting of board must specify the purpose of, or the business to be transacted at, the meeting if the meeting is called to deal with an emergency or any of the following matters:
- (a) a question or matter requiring approval of the members;
  - (b) filling a vacancy on the board;
  - (c) filling a vacancy in the office of auditor;
  - (d) issuing shares;
  - (e) declaring patronage returns or dividends on shares;
  - (f) redeeming shares issued by the Association;
  - (g) approving a financial statement of the Association;
  - (h) making decisions that by the Act or these Rules are required to be made by a vote of greater than a majority of the board .
- (3) A notice mailed under sub rule (1)(b) is deemed received on the fourth day, not including Saturday and holidays, after the date of mailing.
  - (4) A notice given in accordance with sub rule (1)(c) is deemed received when it is delivered.
  - (5) A notice given under sub rule (1)(d) is deemed received at the time the telegram, telex, facsimile transmission or other electronic transmission is sent.
  - (6) A notice given under sub rule (1)(e) is deemed received at the time the information is provided by telephone.
96. If a quorum of the board is present, the board members newly elected at an annual general meeting and the board members 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.
97. (1) 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 them.

- (2) A copy of the resolution under sub rule (1) must be sent to each member of the board 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.
98. In an emergency, the chair of the Association may call a meeting of the board by giving each member of the board at least 48 hours written or oral notice of the meeting.
99. Notice of a reconvened meeting of board is not required if the time and place of the reconvened meeting is announced at the original meeting.
100. 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.
101. A quorum of the board is a majority of the total number of board authorized by the Association under Rule 80.
102. The members present at a meeting of the board shall appoint a meeting Chair.
103. Questions arising at any meeting of the board are to be decided by a consensus process, unless the Act or these Rules require otherwise. In the case where a vote is required and there is an equality of votes, the Chair does not have a second or casting vote.
104. The minutes of the proceedings of the board must be kept in accordance with the Act.
105. A resolution of the board may be passed without a meeting in accordance with the Act and these Rules.
106. A resolution referred to in Rule 105 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.
107. For the purposes of a resolution referred to in Rule 105, written consent may be provided by telegram, telex, facsimile transmission or any other method of transmitting legible recorded messages.
108. A member of the board may participate in a meeting of the board or of any committee of the board by means of telephone or other communications medium in accordance with the Act.

#### **PART 17 - COMMITTEES**

109. (1) The board may, by resolution, appoint one or more committees consisting of cooperative members that the board consider appropriate to exercise the powers delegated by the board to them as authorized by the Act.
- (2) Any committee so formed, in the exercise of the powers delegated to it, must
- (a) conform to any terms of reference that may from time to time be imposed on it by the board, and
  - (b) report every act or thing done in the exercise of those powers to the earliest meeting of the board held next after the act or thing has been done.
110. The board may vary, add to or limit the terms of reference of any committee.
111. The members of a committee may meet and adjourn as they consider appropriate.
112. Unless the board determines otherwise, each committee has the power to fix its quorum at not less than a majority of the committee members.
113. 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.
114. The members of the committee who are present shall appoint one of their number to facilitate their meetings.

115. Questions arising at any meeting of a committee are determined by the consensus process described in these Rules.

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

#### **PART 18 - OFFICERS**

117. The board must appoint, by resolution, a chair and a vice-chair of the Association from among the board members.

118. (1) The board may appoint, by resolution, a secretary, a treasurer and other officers that the board determines are necessary.

(2) The officers appointed under sub rule (1) may be, but need not be, board members.

119. Two or more offices of the Association may be held by the same individual.

120. 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.

121. (1) The board must determine the term of office and remuneration, if any, of any officer it appoints.

(2) The board, in its discretion, may remove any officer of the Association without prejudice to that officer's rights under any employment contract.

#### **PART 19 - CONFLICT OF INTEREST RULES FOR THE BOARD MEMBERS AND OFFICERS**

122. The board members and officers of the Association are governed by the disclosure and conflict of interest rules set out in the Act.

#### **PART 20 - INDEMNIFICATION OF THE BOARD MEMBERS AND OFFICERS**

123. The Association must indemnify the board members and officers in accordance with the Act.

#### **PART 21 - FINANCES**

124. The board may, for the purposes of the Association, on behalf of the Association,

(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 board consider appropriate.

125. Subject to any limitations adopted by the board, and, if applicable, to Rule 131, the board may invest the funds of the Association in the manner they consider appropriate.

126. (1) The board must not invest any of the funds of the Association over \$5,000 at any one time without the prior approval by special resolution of the members or unless the money is to be invested in a security or class of securities in which trustees are permitted to invest trust funds under the *Trustee Act*.

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

127. (1) Subject to and in accordance with the Act, the board must appoint the first auditor and the Association must appoint subsequent auditors, if any.

(2) The duties and rights of the auditor are governed by the Act.

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

129. The financial year of the Association ends on the date fixed by the board.

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

(a) first, to retire all or a portion of any deficit previously incurred by the Association, as the board determine is appropriate;

(b) next, to the reserves required by Rule 131;

(c) last, to patronage returns or dividends as recommended by the board .

131. The board must set aside as reserves for meeting contingencies at least 10% of the surplus funds arising from the operations of the Association in each financial year until those reserves are equal to the following percentages of paid up share capital at the date of apportionment under Rule 130:
- (a) if the paid up share capital is \$25,000 or less, 30%;
  - (b) if the paid up share capital is greater than \$25,000 but not greater than \$50,000, 20%;
  - (c) if the paid up share capital is greater than \$50,000 but not greater than \$100,000, 10%;
  - (d) if the paid up share capital exceeds \$100,000, the percentage, if any, determined by resolution of the members.
132. 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 board considers appropriate.
133. Subject to and in accordance with the Act and the Rules in this Part, the Association may allocate among and credit or pay to the members patronage returns.
134. The Association must not pay any patronage return if there are reasonable grounds for believing that
- (a) the Association is unable to pay its liabilities as they become due in the ordinary course of business, or
  - (b) paying the patronage return would
    - (i) render the Association unable to pay its liabilities as they become due in the ordinary course of business, or
    - (i) cause the realizable value of the Association's assets to be less than its liabilities.
135. The board must report to each annual general meeting the state of the Association's financial affairs and the amounts, if any, which they recommend to be paid by way of dividend or patronage return.
136. Subject to Rules 130 and 137, the Association may declare dividends and patronage returns in accordance with the Act, but a dividend or patronage return must not be paid except out of surplus funds and must not exceed the amount recommended by the board .
137. The Association may pay dividends yearly on the paid up amount of Membership Shares at rates not exceeding those paid on Class A Investment Shares.
138. The Association may apply any dividend or patronage return credited to a member to the unpaid amount on any Membership Shares held by that member, but the amount so applied must not exceed the amount unpaid.

## **Part 22 - Dispute Resolution**

139. In cases where conflict between members or groups of members cannot be resolved within three regular meetings,
- a) an outside mediator acceptable to all parties will be chosen. If this is not possible, a mediator will be chosen by majority vote.
  - b) 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.
  - c) Should consensus not be reached, the members agree to vote on a recommendation from the mediator as a special resolution at a meeting of the membership called in accordance with the Act and these Rules.

## **PART 23 - NOTICES**

140. Unless otherwise specified in the Act or these Rules, any notice required to be given to a board member, member, Investment Shareholder or any other person must be in writing and is sufficiently given if it is
- (a) delivered personally,

- (b) delivered to the person's last known address, as recorded in the Association's register of members or Investment Shareholders or other record of the Association,
- (c) mailed by prepaid mail to the person's last known address, as recorded in the Association's register of members or Investment Shareholders or other record of the Association,
- (d) sent to the person by facsimile transmission to a telephone number provided for that purpose,
- (e) sent via electronic mail to an address provided for that purpose, or
- (f) served in accordance with Rule 155 or 156.

141. 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

- (a) delivered to the registered office of the Association,
- (b) mailed to the registered office of the Association by prepaid mail,
- (c) sent by facsimile transmission to a telephone number provided for that purpose,
- (d) sent via electronic mail to an address provided for that purpose, or
- (e) served in accordance with the Act.

142. (1) A notice given in accordance with Rules 140(b) or 141(a) is deemed received when it is delivered.

(2) A notice given in accordance with Rules 140(c) or 141(b) is deemed received on the fourth day, not including Saturday and holidays, after the date of mailing.

(3) A notice given in accordance with Rules 140(d), 140(e), 141(c) or 141(d) is deemed to be received at the time the notice is sent by facsimile or electronic mail.

143. 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.

144. 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.

145. The accidental omission to give a notice to, or the non-receipt of a notice by, a member, Investment Shareholder, 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.

146. 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 Investment Shareholders and before the person furnished the Association with the proof of authority or evidence of the person's entitlement.

#### **PART 24 - SERVICE OF DOCUMENTS**

147. (1) A notice or other document required by the Act to be served by the Association may be served by

- (a) mailing it by registered mail to the last known address of the intended recipient, as recorded in the Association's register of members or Investment Shareholders or other record of the Association, or
- (b) personal service.

(2) A notice or other document served under subsection (1)(a) is deemed received on the fourth day, not including Saturday and holidays, after the date of mailing.

148. Service on the Association must be in accordance with the Act.

#### **PART 25 - CORPORATE SEAL AND EXECUTION OF INSTRUMENTS**

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

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

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

- (a) any 2 board members,
- (b) an officer and a director, or
- (c) one or more board members, officers or other persons as determined by resolution of the board.

152. Subject to Rule 21, if the board has not adopted a seal for the Association, instruments may be executed on behalf of the Association by the persons specified in Rule 151.

#### **PART 26 - RECORDS**

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

#### **PART 27 - ALTERATION OF MEMORANDUM OR RULES**

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