

Rules of the Saturna Net Co-operative

Part 1 — Interpretation

Definitions

1 In these Rules:

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

"adjourned meeting" means the meeting to which a meeting is adjourned;

"Association" means the **Saturna Net Co-operative**;

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

"member" means a member of the Association and includes a joint member;

"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.

***Cooperative Association Act* definitions apply**

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.

Interpretation

3 Words in the singular form include the plural and vice versa and words importing a specific gender include the other gender and eligible organizations.

***Cooperative Association Act* governs**

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

Part 2 — Membership

Open membership

5 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.

Application for membership

6 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 Rule 8 for membership in the Association.

Age qualification

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

Minimum share requirement

8 Shares are designated as membership shares and each member must, as a condition of membership, subscribe to at least 3 of those shares.

Approval of application

9 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.

Effective date of membership

10 Membership is effective on the day that the application for membership is approved under Rule 9.

Withdrawal from membership

11 A member may withdraw from membership in the Association by

- (a) giving 30 days written notice to the directors of the member's intention to withdraw

Effective date of withdrawal

12 The membership of a member ceases on the date the member has complied with the requirements of Rule 11.

Notice of death or bankruptcy of individual member

13 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 Rules 11, 12, 17 and 39 apply with the necessary changes, so far as applicable.

Notice of bankruptcy, liquidation or dissolution of eligible organization member

14 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 Rules 11, 12, 17 and 39 apply with the necessary changes, so far as applicable.

Grounds for termination of membership

15 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,
- (b) 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,
- (c) in the opinion of the directors, 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
- (d) the member has not transacted any business with the Association for a period of 2 consecutive years.

Appeal of termination of membership

16 (1) A member whose membership is terminated for the reason set out in Rule 15 (d)

- (a) may appeal the termination in accordance with the Act, and

(b) if he or she does 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 simple majority.

(2) The right of appeal of a person whose membership in the Association is terminated for a reason set out in Rule 15 (a) to (c) is governed by the Act.

Effect of termination, withdrawal or other cessation of membership

17 (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 39 or 40, whichever is applicable, 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 — Joint Membership

Joint membership

18 Joint membership is not permitted

Part 4 — Share Structure

Authorized share structure

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

Part 5 — Payment for Shares

Payment for shares

20 (1) Except as provided in this Rule, the Association must not issue or allot membership or investment shares unless the shares are paid for in accordance with the Act.

(2) Membership shares may be payable on call.

Calls on unpaid amount of membership shares

21 The directors may make calls on the members for any of the money unpaid on membership shares and a call is deemed to have been made at the time when the resolution of the directors authorizing the call was passed.

Interest on unpaid call

22 (1) If a call is not paid on or before the date set for payment by the resolution referred to in Rule 21, the member from whom the money is due on call must pay interest on the unpaid amount of the call at the rate of 8% per year from the date set for payment until the date of payment.

(2) The interest that accumulates under subrule (1) is a debt due to the Association.

(3) The directors may waive payment of interest due under subrule (2).

Dividends or interest on membership shares

23 Payment of dividends or interest on membership shares that are not fully paid is governed by the Act.

Notice requiring payment of call

24 If a member fails to pay a call on or before the date set for payment by the resolution referred to in Rule 21, the directors may, at any time after that date, serve a notice on the member requiring payment within 14 days from the date of service of the unpaid amount of the call together with any interest that accrues under Rule 22.

Failure to comply with notice

25 If a member on whom or on which a notice has been served under Rule 24 does not make the payment required by that notice in the time specified, the share in respect of which the notice is given may be forfeited to the Association by a resolution of the directors.

Effect of forfeiture

26 (1) A forfeiture under Rule 25 is effective on the date that the directors make the resolution referred to in that Rule.

(2) A member whose share has been forfeited in accordance with a resolution under Rule 25 ceases to be a member in respect of the forfeited share and the directors may strike the member's name from the register of members and cancel the share certificate in respect of the forfeited share.

(3) A forfeited share may be sold or otherwise disposed of on terms and in a manner the directors think fit and, at any time before a sale or disposition, the forfeiture may be cancelled on terms the directors think fit.

(4) A member whose share has been forfeited remains liable to the Association for interest that accrued under Rule 22 to the date of the resolution under Rule 25 and that interest is a debt due to the Association.

Part 6 — Share Certificates

Entitlement to share certificate

27 The Association will not issue certificates in respect of membership shares.

Part 7 — Transfer of Shares

Requirements of instrument of transfer

28 (1) An instrument of transfer of any 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, or if the transferor or transferee is an eligible organization, by a duly authorized director, officer or attorney of the organization.

(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.

Form of transfer

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

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 [*name of association*], for which certificates are attached, to be held 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).....

Effective date of transfer of shares

30 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 directors, and
- (c) the name of the transferee is entered in the register of members shareholders.

Registering a transfer

31 The directors must immediately enter the name of the transferee in the register of members or the register of investment shareholders when, with respect to the transfer of a share,

- (a) the requirements set out in Rule 30 (a) and (b) have been met,
- (b) a duly executed instrument of transfer has been delivered to the Association, and

Effect of lien on transfer or assignment of shares

32 The Association may refuse to register a transfer or acknowledge an assignment of membership shares, investment shares, dividends or interest affected by a lien established by the Act.

Part 8 — Transmission of Shares

Procedure on death of a member

33 The person entitled to the membership or investment shares of a deceased member may, on providing proof satisfactory to the directors of the death of the member and the person's entitlement,

- (a) if the person is not a member, apply under Part 2 for membership in the Association,
- (b) if the person is a member, request that the directors register the membership and investment shares in the member's name, or
- (c) apply to the directors to redeem the shares.

Registration of share prohibited if person entitled is not a member

34 The Association must not register a membership share or investment share in the name of the person entitled to a deceased member's shares unless

- (a) that person is a member, and
- (b) the transfer has been authorized by the directors.

Redemption of shares

35 If the person entitled to the membership share or investment 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, subject to the Act, redeem those shares by paying to that person, within 4 months of the date on which the person provided the Association with proof of his or her entitlement, the amount paid up on the shares.

Part 9 — Redemption of Shares

Association authorized to purchase and redeem its shares

36 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 directors, redeem any of its shares at the price and on the terms specified by the resolution.

Redemption of shares to be made ratably

37 (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 its offer ratably to every shareholder who holds shares of that class of shares.

(2) A redemption of shares under subrule (1) must be made on a fair and equitable basis.

Sale and voting of redeemed shares

38 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.

Redemption of shares on withdrawal of membership

39 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 4 months from the effective date of the withdrawal.

Redemption of shares on termination of membership

40 If the Association terminates the membership of a member under Rule 15, the Association must redeem the shares of the member in accordance with the Act.

Amount paid on redemption

41 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 10 — Register of Members and Register of Investment Shareholders

Register of Members and Register of Investment Shareholders

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

Part 11 — General Meetings of the Association

Annual general meetings

43 The Association must hold its first and subsequent general meetings within the time provided by the Act.

Business at annual general meeting

44 At the first general meeting and at each annual general meeting the following business must be considered:

- (a) report of the directors;
- (b) financial statement;
- (c) auditor's report, if applicable;
- (d) election or appointment of directors;
- (e) appointment or waiver of appointment of an auditor.

Order of business at annual general meeting

45 The order of business at the first general meeting and 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 directors and auditors to be read;
- (h) election of directors and appointment of auditors;
- (i) special business to be considered;
- (j) unfinished business to be considered;
- (k) new business to be considered.

Special business

- 46** (1) Any business other than business listed in Rule 44 is special business.
- (2) Special business must be approved by ordinary resolution of the members unless the Act or these Rules require otherwise.

Special general meetings

- 47** (1) 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.
- (2) The requisitioning of a special general meeting by the members must be in accordance with the Act.
- (3) The directors may determine the order of business at a special general meeting.

Time and place of general meetings

- 48** General meetings must be held at the time and place in British Columbia that the directors specify or, in accordance with the Act, outside British Columbia.

Record date

- 49** (1) The record date for any general meeting is the 30th day before the date of the meeting of members.
- (2) Only those members whose names are entered on the register of members on the record date are entitled to vote at the general meeting.

Notice of general meetings of the Association

- 50** Notice of general meetings must be given to members and to the auditor of the Association, if any, in accordance with the Act.

Financial statement

51 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.

Notice of special business

52 If special business is to be considered at a general meeting, the notice of the meeting under Rule 50 must state the nature of the special business in sufficient detail to permit a member to form a reasoned judgment concerning the business.

Notice of special resolution

53 (1) If a special resolution is to be proposed at a general meeting, the notice under Rule 50 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 50 contains a summary of the text of a special resolution as provided in subrule (1) (b), the notice must also state the place where the full text of that special resolution can be read or copied.

Notice of adjourned meeting

54 If a general meeting is adjourned for fewer than 30 days, it is not necessary to give notice of the adjourned 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 adjourned meeting must be given in the same manner as for the original meeting.

Manner of giving notice

55 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.

Meeting valid despite failure to give notice

56 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.

Quorum

57 The quorum for the transaction of business at a general meeting is 20% of the total number of members entitled to vote at the meeting.

Requirement of quorum

58 No business, other than the election of a 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.

Lack of quorum

59 (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 adjourned meeting referred to in subrule (1) a quorum is not present within 1/2 hour from the time appointed, the members present in person or represented by proxy are deemed to constitute a quorum.

Chair

60 Every general meeting will be chaired by:

(a) the president; or

(b) the vice-president, if the president is absent, unable, or unwilling to chair the meeting,

unless the majority of the Directors choose another person, who need not be a member, to be the chair.

Adjournments by chair

61 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 adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Secretary

62 The directors at a general meeting must appoint a member to act as secretary at the meeting.

Minutes of meetings

63 The secretary must record the minutes of all resolutions and proceedings at a general meeting in books provided by the directors for that purpose.

Persons entitled to be present

64 The only persons entitled to be present at a general meeting are those entitled to vote at that 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.

Other persons may be admitted

65 A person who is not entitled to be present at a general meeting under Rule 64 may be admitted to a meeting only on the invitation of the chair or with the consent of the members at the meeting.

Meetings by conference telephone

66 The Association may permit members to participate in general meetings and vote by telephone or other communications medium in accordance with the Act.

Part 12 — Voting at General Meetings

Actions to be determined by ordinary resolution

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

Chair not entitled to casting vote

68 In case of an equality of votes,

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

Decisions by show of hands or poll

69 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

(a) 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, or

(b) one or more members vote at the meeting by telephone or other communications medium, in which event the voting must be by poll or conducted in any other manner that adequately discloses the intentions of the members.

Polls

70 (1) An individual present and entitled to vote at a general meeting may demand that a poll be taken on any matter under consideration at that meeting either before or promptly after the vote by show of hands is taken.

(2) Subject to Rule 72, a poll must be taken in the manner and at the time, either at the general meeting or within 7 days after the date of the meeting, and at the place that the chair of the meeting directs.

(3) The result of the poll is deemed to be a resolution of the general meeting at which the poll is demanded.

(4) The person who demanded a poll may withdraw the demand before the poll is taken.

Chair must resolve dispute on a poll

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

Demand for a poll on adjournment

72 A poll demanded on a motion for adjournment must be taken immediately at the meeting.

Demand for a poll not to prevent continuance of meeting

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

Declaration of result

74 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 poll, and that decision must be entered in the minutes of the meeting.

Declaration is proof

75 Unless a poll 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 favor of or against that motion.

Retention of ballots and proxies

76 Each ballot cast on a poll, and each proxy appointing a proxy holder who casts a ballot on a poll,

(a) must be kept at the registered office of the Association for 3 months after the general meeting,

(b) during the period referred to in paragraph (a), must be open to inspection at the registered office of the Association during the Association's normal business hours by any member or proxy holder entitled to vote at the meeting from which the ballot and the proxy came, and

Part 13 — Voting Rights of Members and Investment Shareholders**Voting rights and restrictions**

77 The right of a member or joint member to vote at a general meeting and of an investment shareholder or joint investment shareholder to vote at a meeting of investment shareholders or of investment shareholders holding shares of a particular class of investment shares, and the restrictions on those rights, are governed by the Act.

Votes of persons in representative capacity

78 A person who is not registered as the holder of a membership share or investment share but who is entitled to vote at a general meeting or a meeting of investment shareholders, or of investment shareholders of a particular class of investment shares, as a representative of a member or investment shareholder, may vote in the same manner as if he or she were a member or investment shareholder if, before the meeting at which he or she proposes to vote, he or she satisfies the directors of his or her right to vote at that meeting.

Executors or administrators as joint shareholders

79 If there are 2 or more executors or administrators of a deceased member in whose sole name membership shares or investment shares stand, those executors or administrators are, for the purposes of voting at general meetings or meetings of investment shareholders or of investment shareholders of a particular class of investment shares, deemed to be joint shareholders of the membership shares or investment shares, as the case may be.

Representative of eligible organization

80 (1) If an eligible organization provides evidence of the appointment of an individual to represent it at a general meeting or a meeting of investment shareholders or of investment shareholders of a particular class of shares,

(a) 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 or investment shareholder of the Association present, and

(b) the representative, if present at a meeting, is to be counted for the purpose of forming a quorum.

Proxy voting at a general meeting

81 Proxy voting is not permitted.

Production of evidence of authority to vote

82 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 his or her authority to vote.

Part 14 — Directors

Duties of directors

83 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.

Number of directors

84 (1) The Association must have,

(a) in accordance with the Act, at least 3 directors, and

(b) not more than 9 directors.

(2) The number of directors may be changed within the limits set out in subrule (1) by ordinary resolution of the members.

Qualifications for directors

85 In addition to the qualifications required by the Act, the majority of directors must be individuals who are not employees of the Association.

Part 15 — Election, Appointment and Removal of Directors

Election at annual general meeting

86 An election of directors must be held at each annual general meeting.

Director term of office

87 Every director serves until the next Annual Meeting.

Voting by secret ballot

88 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.

Candidates declared elected

89 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.

Directors elected according to number of votes

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

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

91 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,

- (a) the directors who have already been elected in the election, and
- (b) 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.

Consent to act as director

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

Directors eligible for election or appointment again

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

Director ceasing to hold office

94 A director ceases to hold office in accordance with the Act and these Rules.

Removal of director

95 The Association may by special resolution remove any director before the expiration of his or her term of office, and may by an ordinary resolution fill the vacancy created by the removal.

Part 16 — Meetings of Directors

Meetings of directors

96 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.

Time and place of meetings

97 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.

Who may call meetings

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

Notice of meeting

99 (1) Subject to Rules 100, 101, 102, 103 and 104 at least 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 provided

- (a) by personal delivery,
- (b) by mail addressed to the director's address as it appears in the register of directors,
- (c) by leaving it at the director'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 director's telephone number as provided by the director.

(2) 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 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 directors.

(3) A notice mailed under subrule (1) (b) is deemed received on the second day, not including Saturday and holidays, after the date of mailing.

(4) A notice given in accordance with subrule (1) (c) is deemed received when it is delivered.

(5) A notice given under subrule (1) (d) is deemed received at the time the telegram, telex, facsimile transmission or other electronic transmission is sent.

(6) A notice given under subrule (1) (e) is deemed received at the time the information is provided by telephone.

Meeting of new board

100 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.

Regular meetings

101 (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 the board.

(2) A copy of the resolution under subrule (1) 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.

Notice of emergency meeting

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

Notice of adjourned meeting

103 Notice of an adjourned meeting of directors is not required if the time and place of the adjourned meeting is announced at the original meeting.

Meeting valid despite failure to give notice

104 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.

Quorum of the board

105 A quorum of the board is a majority of the total number of directors authorized by the Association under Rule 84.

Chair

106 (1) The president of the Association or, in the absence of the president, the vice-president must chair all meetings of the board, unless the majority of the Directors choose another person, who need not be a member, to be the chair.

Voting at meetings

107 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.

Minutes of directors' meetings

108 The minutes of the proceedings of the directors must be kept in accordance with the Act.

Transaction of business without a meeting

109 A resolution of the directors may be passed without a meeting in accordance with the Act and these Rules.

Effective date of written resolution

110 A resolution referred to in Rule 109 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.

How written consent may be given

111 For the purposes of a resolution referred to in Rule 109, written consent may be provided by telegram, telex, facsimile transmission or any other method of transmitting legibly recorded messages.

Meetings by conference telephone

112 A director may participate in a meeting of the directors or of any committee of the directors by means of telephone or other communications medium in accordance with the Act.

Part 17 — Committees of Directors

Appointment of committees

113 (1) The board may, by resolution, appoint one or more committees consisting of the director or directors 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 directors, and

(b) 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.

Variation of terms of reference

114 The board may vary, add to or limit the terms of reference of any committee of directors.

Time and place of committee meetings

115 The members of a committee of directors may meet and adjourn as they consider appropriate.

Quorum

116 Unless the board determines otherwise, each committee of directors has the power to fix its quorum at not less than a majority of the committee members.

Vacancy

117 If there is a vacancy on a committee of directors, the remaining committee members may exercise all the powers of the committee as long as a quorum of the committee remains in office.

Chair

118 A committee of directors 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 the meeting, the directors present who are members of the committee may, by resolution, choose one of their number to chair the meeting.

Voting at committee meetings

119 Questions arising at any meeting of a committee of directors 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.

Minutes of committee proceedings

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

Part 18 — Officers

Appointment of president and vice-president

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

Appointment of other officers

122 (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 subrule (1) may be, but need not be, directors.

One person may hold more than one office

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

Powers and duties of officers

124 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.

Term of office and remuneration

125 (1) The board must determine the term of office and the remuneration 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 Directors and Officers

Act applies

126 The directors and officers of the Association are governed by the disclosure and conflict of interest rules set out in the Act.

Part 20 — Indemnification of Directors and Officers

Act applies

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

Part 21 — Finances

Borrowing powers

128 The directors 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 directors consider appropriate.

Investment powers

129 Subject to any limitations adopted by the directors, and, if applicable, to Rule 130, the directors may invest the funds of the Association in the manner they consider appropriate.

Limitations on investing

130 (1) The directors must not invest any of the funds of the Association 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.

Auditor

131 (1) Subject to and in accordance with the Act, the directors 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.

Accounting records

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

Financial year

133 The financial year of the Association ends on the date fixed by the directors.

Use of surplus funds

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

- (a) first, to the reserves required by Rule 135;
- (b) next, to retire all or a portion of any deficit previously incurred by the Association, as the directors determine is appropriate;
- (c) last, to patronage returns or dividends as recommended by the directors.

Reserves

135 The directors 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 134:

- (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.

Application of reserves

136 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.

Patronage returns

137 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.

When payment of patronage returns prohibited

138 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
 - (ii) cause the realizable value of the Association's assets to be less than its liabilities.

Directors must recommend dividend or patronage return

139 The directors 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.

Association to declare dividend or patronage return

140 Subject to Rules 134 and 141, 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 directors.

Payment of dividends on membership shares

141 The Association may pay dividends at rates not exceeding 8% yearly on the paid up amount of membership shares.

Association may apply dividends or patronage returns

142 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**Disputes to be referred to arbitration committee of members**

143 A dispute that under the Act may be submitted for arbitration must be referred to an arbitration committee of 3 members of the Association in accordance with this Part.

Commencement of arbitration proceedings

144 (1) An arbitration referred to in Rule 143 must be commenced in accordance with the Act.

(2) If notice is provided to a director under subrule (1), that director must promptly provide the Association with a copy of the notice.

Nomination of committee members

145 Within 14 days of receipt of a notice referred to in Rule 144, the president of the Association and the other party must each nominate one member of the Association

as a member of the arbitration committee, and the third member must be appointed by the 2 nominated members.

Failure to nominate committee

146 If for any reason an arbitration committee has not been appointed within 6 weeks after the first member is nominated to the committee, on application by a party, the Supreme Court of British Columbia may appoint the members of the arbitration committee not appointed under Rule 145.

Consolidation of disputes

147 Disputes that have arisen between the Association or a director and different parties may be heard in one arbitration if

- (a) the disputes are similar, and
- (b) all parties agree on the appointment of the arbitration committee and the steps to be taken to consolidate the disputes into the one arbitration.

Procedure

148 (1) Subject to these Rules, the arbitration committee may conduct a hearing in the manner it considers appropriate, but each party must be treated fairly and must be given full opportunity to present its case.

(2) Each party to the dispute must submit to the arbitration committee a written statement describing the nature of the dispute and a summary of the evidence the party intends to present at the hearing.

(3) The arbitration committee must hold a hearing as soon as possible at a location that is convenient to both parties.

(4) The arbitration committee may determine whether the hearing is open to all members of the Association.

(5) Each party to the dispute must attend the oral hearing, if any, and may be represented by another person including a lawyer.

(6) If both parties agree, the hearing may consist of an exchange of written statements or any other procedure.

Examination and evidence

149 (1) A party to the dispute is a compellable witness at an oral hearing.

(2) Witnesses at an oral hearing must

- (a) respond fully to questions asked by members of the arbitration committee, and
 - (b) produce all relevant records that the arbitration committee may require.
- (3) Each party may present or rebut evidence and may examine or cross-examine witnesses at an oral hearing.
- (4) The arbitration committee is not bound by the rules of evidence and may admit as evidence any oral testimony or any record that the arbitration committee considers is credible or trustworthy and relevant to an issue in dispute between the parties.

Decision must be in writing and signed by committee members

- 150** (1) The arbitration committee may make whatever decision it considers just having regard to the Act, the regulation, the memorandum of the Association, these Rules and the evidence presented by the parties.
- (2) The decision must be in writing and signed by each member of the arbitration committee.
- (3) Within 4 weeks of the date of the decision, the arbitration committee may vary a decision to correct a clerical or typographical error or omission, or a similar type of error or omission.

Costs of arbitration

- 151** Parties to an arbitration must bear their own costs.

Part 23 — Notices

Notice to directors, members, investment shareholders and other persons

- 152** Unless otherwise specified in the Act or these Rules, any notice required to be given to a director, 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, or

(e) served in accordance with Rule 159 or 160.

Notice to Association

153 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, or

(d) served in accordance with the Act.

Deemed receipt

154 (1) A notice given in accordance with Rules 152 (b) or 153 (a) is deemed received when it is delivered.

(2) A notice given in accordance with Rules 152 (c) or 153 (b) is deemed received on the second day, not including Saturday and holidays, after the date of mailing.

(3) A notice given in accordance with Rules 152 (d) or 153 (c) is deemed to be received at the time the notice is sent by facsimile.

Computation of time

155 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.

Undelivered notices

156 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 his or her new address.

Omissions, non-receipt and errors

157 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.

Persons entitled by death or operation of law bound by notice in certain circumstances

158 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**Service by the Association**

159 (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 second day, not including Saturday and holidays, after the date of mailing.

Service on the Association

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

Part 25 — Corporate Seal and Execution of Instruments**Use of corporate seal**

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

Custody of seal

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

Who may attest seal

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

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

Execution of documents where no seal

164 If the directors have not adopted a seal for the Association, instruments may be executed on behalf of the Association by the persons specified in Rule 163.

