

**Rules of the**  
**OTTER FARM AND HOME CO-OPERATIVE**

**AS APPROVED AT JUNE 26, 2024, ANNUAL GENERAL MEETING**  
**SPECIAL RESOLUTION SENT TO REGISTRAR July 4, 2024**

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# RULES OF THE OTTER FARM AND HOME 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;

“**Association**” means the Otter Farm and Home Co-operative;

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

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

“**eligible organization**” has the meaning set out in the Act;

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

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

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

- (a) submitted to all members who are entitled to vote on the resolution and passed by being consented to in writing by 3/4 of those members; or
- (b) passed after the required notice of meeting under the Act, in a general meeting by a 3/4 majority of the total votes cast by the members who are entitled to vote on the resolution, including votes cast in person and, if permitted by the Act and these rules, votes cast by mail ballot. All votes must be counted and recorded;

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

“**rules**” means the rules adopted by the Association, as amended from time to time;

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

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

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

“**trading area**” has the meaning set out in the Association’s Equity Administration policy, as amended from time to time.

### **Cooperative Association Act definitions apply**

2 Words and expressions defined in the Act apply to these rules.

### Interpretation

3 (1) Words expressed in the singular include the plural and vice versa.

(2) Words implying a gender include the other genders 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 Each member must purchase, as a condition of membership, at least 10 membership 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 giving 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 later of the date the member gives written notice to the Association of the intention to withdraw or the date specified in the member's written notice of intention to withdraw.

### **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, 18 and 32 apply with the necessary changes, so far as applicable.

### **Notice of bankruptcy, liquidation or dissolution of a member eligible organization**

- 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, 18 and 32 apply with the necessary changes, so far as applicable.

### **Notice of permanent move**

- 15 Deleted June 5, 2019 AGM

### **Grounds for termination of membership**

- 16** (1) Subject to subrule (2) and (3), 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.
- (2) The Association may exercise the power to terminate a membership under subrule (1) only by a resolution of the directors passed by a majority of at least 3/4 of all the directors at a meeting of the directors called to consider the resolution.
- (3) The provisions regarding notice of the directors' intention to consider terminating a membership and regarding the member's right to be heard are as set out in the Act.

### **Appeal of termination of membership**

- 17** A member whose membership is terminated for a reason set out in rule 16
- (a) may appeal the termination in accordance with the Act, and
  - (b) if **they do** so, the member continues to be a member of the Association, despite the resolution of the directors terminating the membership, unless the members at the general meeting to which the appeal is brought confirm the termination of membership by a special resolution.

### **Effect of termination, withdrawal or other cessation of membership**

- 18** (1) When a member withdraws from membership or a membership is terminated or ceases for any reason, all rights and privileges attached to that membership cease except the right to require the Association to redeem, in accordance with rule 32 or 33, whichever is applicable, the member's membership 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**

### **Authorized share structure**

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

## **Part 4 – Payment for Shares**

### **Payment for shares**

- 20** The Association must not issue or allot membership shares unless the shares are fully paid.



## Part 5 – Share Certificates

### Entitlement to share certificate

- 21 The Association is not required to issue membership share certificates.

## Part 6 – Transfer of Shares

### Requirements of instrument of transfer

- 22 (1) An instrument of transfer of membership shares in the Association must
- (a) be in writing,
  - (b) specify the number 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 eligible organization.
- (2) The transferor remains the holder of the membership shares until the name of the transferee is entered in the register of members.

### Form of transfer

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

I, .....[transferor], 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] shares in the .....[name of Association], to be held by the transferee or to their personal representatives and assignees, subject to the conditions on which I held the same at the time of the execution; and I, the transferee, agree to take the shares subject to those conditions.

Signed on .....(month, day, year).

(Signature of transferor) .....

(Signature of transferee).....

(Signature of witness).....

### Effective date of transfer of shares

- 24 A transfer of membership shares does not take effect until
- (a) any lien of the Association on the shares has been satisfied,
  - (b) a duly executed copy of the transfer has been delivered to the Association,
  - (c) the transfer has been authorized by the directors, and
  - (d) if the transferee is not already a member, the transferee has become a member of the Association.

### Registering a transfer

- 25 The directors must immediately enter the name of the transferee in the register of members when, with respect to the transfer of a share, the requirements of rule 24 have been met.

### **Effect of lien on transfer or assignment of shares**

- 26 The Association may refuse to register a transfer or acknowledge an assignment of membership shares affected by a lien established by the Act.

## **Part 7 – Transmission of Shares**

### **Procedure on death of a member**

- 27 The person entitled to the membership 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 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**

- 28 The Association must not register a membership 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**

- 29 Subject to the Act and these rules, if the person entitled to the membership shares 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:
- (a) redeem the membership shares of the deceased member, other than those membership shares that were issued to the member by the application of patronage returns credited to the member, within 12 months after the person provided the Association with proof of their entitlement; and
  - (b) redeem all remaining membership shares, being all membership shares that were issued to the member by the application of patronage returns credited to the member, within the time period the board deems appropriate and in accordance with the order of priority specified in rule 138.

## **Part 8 – Redemption of Shares**

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

- 30 Subject to the Act and these rules, the Association, by a resolution of the directors, may redeem any of its membership shares on the terms specified by the resolution, in accordance with the order of priority specified in rule 138.

### **When redemption of shares to be prohibited**

- 31 The Association must not exercise its powers to redeem membership shares 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) exercising the Association's power to redeem the membership shares 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.

#### **Redemption of shares on withdrawal of membership**

- 32** Subject to the Act and these rules, when a member withdraws (including deemed withdrawal in the case of death, bankruptcy, liquidation, dissolution or moving away of a member, as specified in rules 13, 14 and 15), the Association must:
- (a) redeem the membership shares of that withdrawing member, other than those membership shares that were issued by the application of patronage returns credited to the member, within 12 months after the member withdraws; and
  - (b) redeem all remaining membership shares, being all membership shares that were issued to the member by the application of patronage returns credited to the member, within the time period the board deems appropriate and in accordance with the order of priority specified in rule 138.

#### **Redemption of shares on termination of membership**

- 33** Subject to the Act and these rules, if the Association terminates the membership of a member under rule 16, the Association must immediately redeem all membership shares of the member.

#### **Redemption of shares on reaching age 65**

- 33.1** (1) Subject to the Act and these rules, an individual member who has reached 65 years of age will continue to hold the minimum number of membership shares required for membership under rule 8, but may require the Association to redeem the membership shares that were issued to that member by the application of patronage returns credited to the member, by giving written notice to the Association of the request and by providing the Association with reasonable proof of their age.
- (2) Subject to the Act and these rules, if the member gives written notice to the Association as specified in subrule (1), the Association must redeem the member's membership shares referred to in subrule (1) within 12 months after the member has given the Association the written notice required under subrule (1) and in accordance with the order of priority specified in rule 138.

#### **Amount to be paid on redemption**

- 34** Subject to the Act and these rules, a member whose membership shares are being redeemed is entitled to be paid the amount paid for each membership share.

## **Part 9 – Register of Members**

#### **Register of members**

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

## **Part 10 – General Meetings of the Association**

#### **Annual general meetings**

- 36** The Association must hold a general meeting at least once in every calendar year within 4 months after the end of its financial year.

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

- 37 The business to be conducted at annual general meetings shall be as follows and in the order determined by the directors to be appropriate:
- (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, if any, to be considered;
  - (e) reports of standing and special committees, if any, to be read;
  - (f) financial statement to be placed before the meeting;
  - (g) reports of directors to be read;
  - (h) report of auditors to be read;
  - (i) appointment of auditors;
  - (j) unfinished business, if any, to be considered;
  - (k) new business, if any, to be considered;
  - (l) special business, if any, to be considered.

### **Special business**

- 38 (1) Any business other than business listed in rule 37, subparagraphs (a) to (l) inclusive, is special business.
- (2) Where special business requires a vote, it must be determined by ordinary resolution unless the Act or these rules require a special resolution.

### **Special general meetings**

- 39 (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**

- 40 Except in the case of electronic meetings (as that term is defined by the Act), and as otherwise subject to the Act, general meetings must be held at the time and place in British Columbia that the directors specify.

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

- 41 (1) If it is not possible to hold one general meeting at a time when, or place where, a large portion of the membership is able to attend, the directors may choose to call 2 or more general meetings to be held at the times and the places in British Columbia that they specify in the notice of meetings.
- (2) Votes taken at meetings referred to in subrule (1) must be by secret ballot.
- (3) The sum of the total votes taken at the meetings referred to in subrule (1) determine whether a resolution considered at those meetings is adopted or rejected.

### **Entitlement to vote at General Meeting**

- 42 Only members recorded as such in the register of members on the last day of the previous fiscal

year of the Association shall be eligible to vote at the general meeting or to participate in electronic voting as authorized under these rules.

#### **Notice of general meetings of the Association**

- 43 Notice of general meetings must be given to members and to the auditor in the manner set out in Part 22 of these rules.

#### **Notice of special business**

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

#### **Notice of a special resolution**

- 45 (1) If a special resolution is to be proposed at a general meeting, the notice of the 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 of a general meeting 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 obtained.

#### **Notice of adjourned meeting**

- 46 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.

#### **Meeting valid despite failure to give notice**

- 47 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**

- 48 The quorum for the transaction of business at a general meeting is 10% of the total number of members entitled to vote at the meeting, or 15 members entitled to vote at the meeting, whichever is less.

#### **Requirement of quorum**

- 49 No business, other than the election of a chair under rule 51 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, a quorum ceases to be present, any business then in progress is suspended until a quorum is present or until the meeting is adjourned or terminated, as the case may be.

#### **Lack of quorum**

- 50 (1) If, within one hour after 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 board changes the place of the meeting out of necessity.
- (2) If at the adjourned meeting referred to in subrule (1) a quorum is not present within 1/2 hour after the time appointed, the individuals present and entitled to vote are deemed to constitute a quorum.

#### **Chair**

- 51** The chair of a general meeting must be one of the president, the vice-president, or, if neither the president nor the vice-president is present or willing to serve, some other member elected by the members present at that general meeting.

#### **Adjournments by chair**

- 52** The chair of a general meeting may, and, if so directed by the individuals present and entitled to vote, 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.

#### **Minutes of meetings**

- 53** 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**

- 54** The only individuals 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**

- 55** An individual who is not entitled to be present at a general meeting under rule 54 may be admitted to a meeting on the invitation of the chair or with the consent of the individuals at the meeting who are entitled to vote.

#### **Electronic broadcast of meetings and electronic voting**

- 56** The board may, in its sole discretion, convene any general meeting of the Association via means of a telephonic, electronic or other communications facility that permits all persons participating in the meeting to communicate adequately with each other during the meeting in real time

- 56 a.** Where a general meeting is to be partially electronic (as that term is defined by the Act), the board shall authorize a live stream or other electronic communication of the general meeting, and any members attending such general meeting electronically are entitled to be included in a quorum and to vote on any resolutions at the general meeting, including the election of directors, as otherwise authorized under these rules.

## Part 11 – Voting at General Meetings

### Actions to be determined by ordinary resolution

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

### Chair not entitled to casting vote

- 58 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 Vote of Members

- 59 Every motion put to a vote at a general meeting shall be decided as follows:

- (a) By a show of hands unless a ballot is required;
- (b) By secret ballot if:
  - i. The Association is holding 2 or more general meetings as permitted in rule 41; or
  - ii. Before or promptly on the declaration of the result of the vote by a show of hands, a secret ballot is directed by the chair or demanded by at least five members who are present and entitled to vote; or
- (c) Where any general meetings of the Association is convened via electronic or other communication facility, whether partially electronic or fully electronic (as defined by the Act), any member entitled to vote at the meeting may vote by such electronic means provided:
  - i. Each member has access to the communication facility;
  - ii. The communication facility is defined and used in a manner that:
    - (A) Permits verification of the votes; and
    - (B) Permits the votes to be tallied without the identification of how each member voted.

### Secret ballots

- 60 (1) Subject to rule 62, a secret ballot 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.
- (2) The result of the secret ballot is deemed to be a resolution of the general meeting at which the secret ballot is demanded.
- (3) The individuals who demanded a secret ballot may withdraw the demand before the secret ballot is taken.

### Chair must resolve dispute on a secret ballot

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

### Demand for a secret ballot on adjournment

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

#### **Demand for a secret ballot not to prevent continuation of meeting**

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

#### **Declaration of result**

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

#### **Declaration is proof**

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

#### **Retention of ballots**

- 66 Each ballot cast on a secret ballot
- (a) must be kept at the registered office of the Association for at least 3 months after the general meeting at which it was conducted,
  - (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 entitled to vote at the meeting from which the ballot came, and
  - (c) may be destroyed at the end of the period referred to in paragraph (a).

## **Part 12 – Voting Rights of Members**

#### **Voting rights and restrictions**

- 67 Subject to these rules, a member has only one vote.

#### **Votes of persons in representative capacity**

- 68 A person who is not registered as the holder of a membership share but who is entitled to vote at a general meeting as a representative of a member eligible organization may vote in the same manner as if they were a member if, before the meeting at which they propose to vote, they satisfy the directors of their right to vote at that meeting.

#### **Representative of eligible organization**

- 69 (1) If an eligible organization provides evidence pursuant to rule 71 that it has appointed an individual to represent it at a general meeting,
- (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 of the Association present at the meeting, and
  - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum.



- (2) The evidence of appointment of a representative of an eligible organization may be provided to the Association by written instrument, telegram, telex, facsimile transmission, or other method of electronic transmission.
- (3) If an eligible organization appoints a member of the Association as its representative, that individual is entitled to vote both in their own right as a member and as the representative of the eligible organization.
- (4) No individual may vote as the representative of more than 3 eligible organizations.

#### **Proxy voting at a general meeting**

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

#### **Requirements for appointments of representatives**

- 71** An instrument appointing a representative of a member that is an eligible organization
- (a) must be in writing,
  - (b) must identify the eligible organization and the individual appointed as the representative of the eligible organization,
  - (c) must identify the meeting for which the representative is appointed,
  - (d) must be signed by a duly authorized director, officer or attorney of the eligible organization,
  - (e) must include the date of the signature referred to in paragraph (d), and
  - (f) remains in effect until replaced by a subsequent instrument that appoints a new representative of the eligible organization.

#### **Deposit of appointments of representatives**

- 72** Every appointment of representative of a member eligible organization must be deposited
- (a) at the registered office of the Association at least 48 hours, excluding Saturdays, Sundays, 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.

#### **Production of evidence of authority to vote**

**73** 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 13 – Directors**

#### **Duties of directors**

**74** The directors must manage or supervise the management of 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**

- 75** (1) The Association must have,
- (a) in accordance with the Act, at least 3 directors, and
  - (b) not more than 11 directors.

- (2) The number of directors shall be determined from time to time, within the limits set out in subrule (1), by ordinary resolution of the members.

#### **Qualifications for directors**

- 76**
- (1) All of the directors of the Association, must be individuals ordinarily resident in Canada.
  - (2) All of the directors of the Association must be individuals ordinarily resident in British Columbia.
  - (3) All of the directors must be members of the Association
  - (4) No individual is entitled to become or act as a director of the Association if:
    - (a) the individual is under the age of 18 years;
    - (b) the individual is found by a court, in Canada or elsewhere, to be incapable of managing the individual's own affairs;
    - (c) the individual is an undischarged bankrupt;
    - (d) the individual is convicted in or out of British Columbia of an offence in connection with the promotion, formation or management of a corporation, or an offence involving fraud, unless the events described in the Act have occurred;
    - (e) the individual is an employee of the Association or is the spouse (as that term is defined in the Family Law Act) of an employee of the Association.
    - (f) the individual has an account with the Association that is more than 60 days in arrears.
    - (g) the individual has purchased less than \$2500 worth of goods (excluding non-allocating inventory, including gift cards, delivery charges or postage) from the Association per year for each of the two immediately preceding fiscal years before the fiscal year in which the individual is nominated for election as a director.

#### **Security by directors**

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

## **Part 14 – Election, Appointment and Removal of Directors**

#### **Yearly Election**

- 78a** An election of directors must be held in each calendar year to replace those directors whose terms of office have expired or will expire at the end of the next annual meeting.
- 78b** The board shall establish election procedures that are; designed to encourage and make practical voting by all members, consider the resources of the Association, and are not contrary to or inconsistent with the Act or these rules.
- 78c** Each year not less than 40 days prior to the date set by the board for the election of directors or the first date of the period during which members may vote the board must post notices setting out procedures established by the board for the election of directors in prominent locations at all places of the business of the Association. The notices must remain in place until after the results of the election are declared.

#### **Nomination of candidates**

- 79a** A member may nominate a candidate for director. Nominations must be made no earlier than 90 days prior and no later than 30 days prior to the date set by the board for the election of directors.

### **Voting by secret ballot**

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

### **Voting by electronic ballot**

- 80a** The board shall establish a secure procedure to allow for electronic ballots to be collected in the election of directors.
- 80b** The use of electronic ballots in an election of directors shall be subject to the following requirements:
- (a) the election of directors must be by secret ballot;
  - (b) where a member does not use an electronic ballot in their vote on the election of directors, they shall be entitled to vote on the ratification of the elections at the general meeting at which the elections are to be confirmed;
  - (c) the electronic balloting process approved by the board must permit verification and tallying of the votes without the identification of how each member voted;
  - (d) the electronic balloting process must be able to accommodate a procedure to ensure that each member can only exercise one vote and those votes can be securely tallied; and
  - (e) if electronic ballots are used for the election of directors at a general meeting, such electronic ballots must be tallied at the same time as the in person secret ballots, if any.

### **Candidates declared elected**

- 81** 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**

- 82** 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**

- 83** 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**

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

### **Terms of office of directors**

- 85** (1) Except as otherwise provided in these rules, directors hold office until their successors are elected at the third annual general meeting following their election.
- (2) The members at a general meeting at which directors are elected are entitled, by ordinary resolution passed before the election of directors, to provide for staggered terms of office among the directors to be elected at that general meeting.
- (3) A reduction in the number of directors under rule 75 does not affect the unexpired term of a director in office.

### **Effect of vacancy on ability of directors to act**

- 86** (1) Despite any vacancy on the board, the continuing directors
- (a) if and so long as the number of continuing directors constitutes a quorum of the board, may continue to function without filling the vacancy or may appoint a qualified member to fill the vacancy, or
  - (b) if the number of continuing directors does not constitute a quorum of the board, may appoint directors for the purpose of increasing the number of directors to a quorum to enable them to call a general meeting and for no other purposes.
- (2) Except in the circumstances described and to the extent authorized in subrule (1)(b), the directors are not entitled to fill a vacancy on the board that is caused by either an increase in the number of directors under rule 75 or a failure to elect the minimum number of directors required by these rules.
- (3) In the circumstances described in subrule (1)(b) or when there are vacancies on the board as a result of an increase in the number of directors under rule 75 or a failure to elect the minimum number of directors required by these rules, the board must call, as soon as practicable, a general meeting to fill the vacancy.
- (4) The term of office of a director appointed to fill a vacancy expires at the annual general meeting that follows the director's appointment.
- (5) The term of office of a director elected to fill a vacancy expires at the annual general meeting that that director's predecessor's term of office would have expired.
- (6) If, as the result of a vacancy, there are no directors of the Association, any member may call a special general meeting to elect directors to fill the vacancies on the board.

### **Directors eligible for re-election or re-appointment**

- 87** (1) Subject to subrule (2), a person whose term as director is ending is eligible for re-election or reappointment.
- (2) A director who has served three (3) consecutive full terms as a director shall not be eligible for re-election as a director until an interval of one (1) year has passed since the expiration of their last term as a director.

### **Director ceasing to hold office**

- 88** A director ceases to hold office if:
- (a) the term of office of that director expires in accordance with the Act or these rules;
  - (b) the director dies or resigns;
  - (c) the director is removed from office in accordance with the Act or these rules; or
  - (d) the director ceases to be qualified to be or act as a director under the Act or these rules.

### **Removal of director**

- 89** (1) The members, by special resolution, may remove any director before the expiration of their term of office.
- (2) Consideration of a special resolution to remove a director before the expiration of their term of office is special business and must be handled as set out in rules 44 and 45.
- (3) The members, by ordinary resolution, may fill any vacancy created by the removal of a director from office under this rule.

## Part 15 – Meetings of Directors

### Meetings of directors

- 90 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

- 91 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

- 92 The president may, and the secretary of the Association on the request of a director must, call a meeting of the directors at any time.

### Notice of meeting

- 93 (1) Subject to rules 94, 95, 96, 97 and 98, 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 by:
- (a) personal delivery,
  - (b) mail addressed to the director's address as it appears in the register of directors,
  - (c) leaving it at the director's usual business or residential address,
  - (d) telegram, telex, facsimile transmission, or other method of electronic transmission, or
  - (e) 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.
- (3) A notice mailed under subrule (1)(b) is deemed received on the second day, not including Saturdays, Sundays, 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 method of electronic transmission is sent.
- (6) A notice given under subrule (1)(e) is deemed received at the time the information is provided by telephone.
- (7) A director may waive notice, in any manner, or otherwise consent to the holding of a board meeting.
- (8) A director's attendance at a board meeting is deemed to be a waiver of notice and consent to the holding of the meeting.

### Meeting of new board

- 94 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

- 95 (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**

96 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**

97 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**

98 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**

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

**Chair**

- 100 (1) Subject to subrule (2), the president of the Association or, in the absence of the president, the vice-president must chair all meetings of the board.
- (2) If the president and vice-president are unable or unwilling to chair a meeting of the board or any portion of it, the directors present must appoint one of their number to chair the meeting.

**Voting at meetings**

101 Questions arising at any meeting of the directors are to be decided by a majority of votes, unless the Act or these rules require otherwise and, in the case of an equality of votes, the chair does not have a second or casting vote and the motion is lost.

**Minutes of directors' meetings**

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

**Directors' attendance book**

103 A director who is present at a meeting of directors must sign their name in a book kept for that purpose.

**Transaction of business without a meeting**

104 A resolution of the directors may be passed without a meeting if each of the directors entitled to vote on the resolution consents to the resolution in writing.

**Effective date of written resolution**

105 A resolution referred to in rule 104 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**

106 For the purposes of a resolution referred to in rule 104, written consent may be provided by telegram, telex, facsimile transmission or other method of electronic transmission.

### **Meetings by conference telephone**

- 107** 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 if all directors participating in the meeting, whether by telephone, other communications medium or in person, are able to communicate with each other.

### **Remuneration**

- 108** (1) Directors are entitled to receive remuneration for their services at rates determined from time to time by ordinary resolution of the members at a general meeting.
- (2) Directors are entitled to be reimbursed for travelling and other expenses properly incurred by them for attending board or committee meetings.

## **Part 16 – Committees of Directors**

### **Appointment of committees**

- 109** (1) Subject to subrule (3), the board may, by resolution, appoint one or more committees consisting of the director or directors that the board considers 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.
- (3) The board is not entitled to delegate to a committee its power to appoint an individual to fill a vacancy on the board or any authority required by the Act to be exercised by the board as a whole.

### **Variation of terms of reference**

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

### **Time and place of committee meetings**

- 111** The members of a committee of directors may meet and adjourn as they consider appropriate.

### **Quorum**

- 112** 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**

- 113** 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**

- 114** 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**

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

#### **Minutes of committee proceedings**

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

#### **Committee members' attendance book**

- 117** A director who is present at a meeting of a directors' committee must sign their name in a book kept for that purpose.

## **Part 17 – Officers**

#### **Appointment of president and vice-president**

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

#### **Appointment of other officers**

- 119** (1) The board, by resolution, must appoint a secretary, and may appoint a treasurer and other officers that the board determines are necessary.
- (2) The officers appointed under subrule (1) may, but need not, be directors.

#### **One person may hold more than one office**

- 120** Two or more offices of the Association may be held by the same individual except that the offices of president and vice-president may not be held by the same individual.

#### **Powers and duties of officers**

- 121** Subject to the Act, the board must 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**

- 122** (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.

#### **Security by officers**

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

## **Part 18 – Conflict of Interest Rules for Directors and Officers**

#### **Act applies**

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



## **Part 19 – Indemnification of Directors and Officers**

### **Act applies**

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

## **Part 20 – Finances**

### **Borrowing powers**

- 126** (1) In addition to the powers given to directors by the Act, the directors, for the purposes of the Association and on behalf of the Association, may:
- (a) borrow or raise money in the manner and amount, from the sources on terms and conditions,
  - (b) issue notes, bonds, debentures, and other debt securities, and
  - (c) secure the repayment of money borrowed by the Association by means of mortgages, charges, security interests or other security on the whole or any part of the undertaking of the Association, all as the directors consider appropriate.

### **Investment powers**

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

### **No loans for shares**

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

### **Auditor**

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

### **Accounting records**

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

### **Financial year**

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

### **Use of surplus**

- 132** The board must apply any surplus arising from the operation of the Association in a financial year as follows:
- (a) first, to the reserves required by rule 134;
  - (b) next, to retire all or a portion of any deficit previously incurred by the Association, as the board determines is appropriate;
  - (c) last, to patronage returns as determined by the board.

### **Deficits**

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

### **Reserves and patronage returns**

- 134** (1) After providing for:
- (a) reserves, in the board's discretion, but being at least 10% of the surplus;
  - (b) deficits, as described in rule 133; and
  - (c) income tax;
- the Association, by resolution of the board, may allocate among and credit to each member the remaining surplus for each financial year of the Association, in proportion to the business done by the member with the Association in that financial year as computed by the board in accordance with subrule (2).
- (2) The board shall compute the amount of business done by each member with the Association in a financial year by taking into account:
- (a) the quantity, quality, kind and value of things sold by the Association to the Member; and
  - (b) the services rendered by the Association to the member;
- with appropriate differences for the different classes, grades or qualities of the goods and services.

### **Purchase of additional membership shares**

- 135** (1) The Association is entitled to apply patronage returns credited to a member to purchase, on behalf of that member, additional membership shares of the Association.
- (2) Each member is deemed to apply for additional membership shares in the Association and authorizes the Association to apply the patronage returns credited to that member towards the purchase of additional membership shares of the Association.

### **When payment of patronage returns prohibited**

- 136** 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.

### **Lien**

- 137** (1) The Association has a lien on the membership shares of a member and on any other interest of that member in the property of the Association and on any sum payable by the Association to that member for a debt due to the Association by that member.

- (2) The Association is entitled to enforce the lien specified in subrule (1) by redeeming any membership share affected by the lien or by taking any other action, suit, remedy or proceeding authorized or permitted by law or by equity.
- (3) Pending the enforcement of the lien specified in subrule (1), the Association may refuse to register a transfer, or acknowledgement of assignment, of any membership share or any other interest or sum payable that is affected by the lien.

#### **Redemption of membership shares**

**138** Subject to the Act and rule 31, the Association may redeem the membership shares that were issued to members by the application of patronage returns credited to the members, at such time and in such amounts as, in the discretion of the board, the financial position of the Association permits, according to the following order of priority:

- (a) first, to the estates of individual members, notice of whose death the Association has received;
- (b) next, to individual members who have reached the age of 65 years and who have given notice to the Association as specified in rule 33.1;
- (c) next, to individual members who have permanently moved their residence out of the trading area, or, in the case of member eligible organizations, where they have permanently moved their registered offices out of the trading area;
- (d) next, to the remaining members according to a formula as determined from time to time by the board, but the Association must not reduce the number of membership shares held by any member below the minimum number of membership shares required for membership under rule 8;
- (e) last, to members who have requested redemption for other reasons, including, but not limited to:
  - (i) liquidation and dissolution, or receivership, of a member eligible organization;
  - (ii) bankruptcy of the member.

## **Part 21– Dispute Resolution**

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

**139** The provisions for handling disputes that the Act requires be resolved by arbitration are as set out in the Act.

## **Part 22 – Notices**

#### **Notice to directors, members, and other persons**

**140** Unless otherwise specified in the Act or these rules, any notice required to be given to a director, member or any other person must be in writing and is sufficiently given if it is

- (a) delivered personally,
- (b) delivered to the person’s last known address, as recorded in the Association’s register of members 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 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 148 or 149.

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

- 141** (1) Notice of the time and place of every general meeting of the Association must be given to the members by:
- (a) advertising on 2 separate occasions, at least 5 days apart, including the day of publication, in one or more newspapers circulating in the area or areas in which the Association carries on business so that the day of publication of the last advertisement is at least 14 days before the meeting date; and
  - (b) posting the notice in places that, in the directors' opinion, are prominent and accessible to the members.
- (2) Notices given under this rule must specify:
- (a) the place, the day and the hour of the meeting; and
  - (b) in the case of special business, the general nature of the business in accordance with rule 44; and
  - (c) in the case of a proposed special resolution, the text of the special resolution in accordance with rule 45.
- (3) Notice of a general meeting must be given to the Association's auditor by post, service, or delivery.
- (4) Notice to directors of general meetings is sufficiently given if given in accordance with subrule (1).

#### **Notice to Association**

- 142** 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, or
  - (c) served in accordance with rule 149.

#### **Deemed receipt**

- 143** (1) A notice given in accordance with rules 140(b) or 142(a) is deemed received when it is delivered.
- (2) A notice given in accordance with rules 140(c) or 142(b) is deemed received on the second day, not including Saturdays, Sundays, and holidays, after the date of mailing.
- (3) A notice given in accordance with rules 140(d) is deemed to be received at the time the notice is sent by facsimile.
- (4) A notice given in accordance with rule 141(1) is deemed received on the day of the newspaper's publication of the last advertisement.

#### **Computation of time**

- 144** 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**

- 145** 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.

#### **Omissions, non-receipt and errors**

- 146** The accidental omission to give a notice to, or the non-receipt of a notice by, a member, director, officer, auditor or member of a committee of the board, or an error in a notice that does not affect the substance of it, does not invalidate any action taken at a meeting held in accordance with, or otherwise founded on, that notice.

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

- 147** A person who, by operation of law, transfer, death of a member, or any other means, becomes entitled to a membership share in the Association, is bound by every notice in respect of the membership share that has been duly given to the member from whom that person derives title to the membership share before the person's name and address were entered on the register of members and before the person furnished the Association with the proof of authority or evidence of the person's entitlement.

## **Part 23 – Service of Documents**

#### **Service by the Association**

- 148** (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 other record of the Association, or
  - (b) personal service.
- (2) A notice or other document served under subrule (1)(a) is deemed received on the second day, not including Saturday, Sundays, and holidays, after the date of mailing.

#### **Service on the Association**

- 149** A document or other record may be served on the Association by:
- (a) leaving it at, or mailing it by registered mail to, the registered office of the Association; or
  - (b) personally serving a director or officer of the Association.

## **Part 24 – Corporate Seal and Execution of Instruments**

#### **Use of corporate seal**

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

#### **Custody of seal**

- 151** If the Association has a seal, the directors must provide for its safe custody and it must be stored at the registered office of the Association.

#### **Who may attest seal**

- 152** If the Association has a seal, it 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**

- 153** 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 152.

## **Part 25 – Records**

**Records of the Association**

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

## **Part 26 – Alteration of Memorandum or Rules**

**Alteration of memorandum or rules**

- 155** Amendments to the memorandum and rules of the Association must be in accordance with the Act and these rules.

## **Part 27 - Directors Powers**

**Support of Federated Co-operatives Limited**

- 156** Notwithstanding the powers of the board of directors to direct the business and affairs of the Co-operative, the Co-operative shall meet or exceed the Co-operative Retailing System loyalty program requirements by sourcing the majority of the goods and commodities intended for resale that Federated Co-operatives Limited (FCL) supplies or makes available from an approved source, from and through FCL, unless as a result of an uncured material breach by FCL, without an ordinary resolution of the members.