

“Co-operative Associations Act”

MEMORANDUM OF ASSOCIATION

and RULES of

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**MID ISLAND
CONSUMERS SERVICES
CO-OPERATIVE**

Unit #106 – 2517 Bowen Road

Nanaimo, B.C. V9T 3L2

2024 Edition

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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 Mid Island Consumer Services 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 simple majority of the total votes cast by the members who are entitled to vote on the resolution.

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

“**rules**” means the rules adopted by the Association, and all amendments, additions, deletions or replacements, from time to time in force;

“**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 2/3 majority of the total votes cast by the members who are entitled to vote on the resolution, including votes cast in person and, if permitted by the Act and these rules, votes cast by proxy or mail ballot;

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

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. (CAA, section 8(2))

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. (CAA, section 31)

Minimum share requirement

- 8 The minimum number of shares required to qualify for membership in the association is presently one share.

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 if the member ceases to reside in the trading area, by giving written notice to the Directors of the member's intention to withdraw. Upon surrender of the member's shares, a refund may be paid to the member for shares surrendered. Any such refund shall be paid within three (3) years or within such shorter time as the Directors in their absolute discretion may decide.

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** Notice to the Association that an individual member has 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, 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.

Grounds for termination of membership

- 16** (1) Subject to sub rules (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 has breached a material condition of an agreement with the Association, and 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 sub rule (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.
(CAA, sections 34 and 36)

Appeal of termination of membership

- 17** A member whose membership is terminated for a reason set out in rule 16 may:
- (a) appeal the termination in accordance with the Act, and
 - (b) if he or she does so, 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. (CAA, section 37)

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.
(CAA, section 52)

Part 5 – Share Certificates

Entitlement to share certificate

- 21 The Association is not required to issue membership share certificates.
(CAA, sections 42, 57 and 64)

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 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.....(day, month, 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. (CAA, section 56)

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 his or her 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. (CAA, section 66)

Part 8 – Redemption of Shares

Association authorized to 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. (CAA, section 66)

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. (CAA, section 66)

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. (CAA, section 38)

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. (CAA, section 38)

Redemption of shares on reaching age sixty-seven (67)

- 34** (1) Subject to the Act and these rules, an individual member who has reached the age of 67 (sixty-seven) may continue to hold the minimum number of shares required for membership under rule 8, but request the Association to redeem the shares that were issued as patronage returns, credited to the member, by giving written notice to the Association of the request, and providing the Association with reasonable proof of his or her age. If upon reaching the age of 67, a member requests complete payout of all shares held by the member, they will then cease to be a member of the association.
- (2) Subject to the Act and these rules, if the member gives written notice to the Association as specified in sub rule (1), the Association must redeem the member's membership shares referred to in sub rule (1) within 12 months after the member has given the Association the written notice required under sub rule (1) and in accordance with the order of priority specified in rule 138.

Amount to be paid on redemption

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

Part 9 – Register of Members

Register of members

- 36 The Association must keep and maintain a register of members in accordance with the Act. (CAA, section 124)

Part 10 – General Meetings of the Association

Annual general meetings

- 37 The Association must hold a general meeting at least once in every calendar year within 4 months after the end of its financial year. (CAA, section 143)

Order of business at annual general meeting

- 38 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 committees and special committees, if any, to be read;
 - (f) financial statements to be placed before the meeting;
 - (g) reports of directors to be read;
 - (h) report of auditors to be read;
 - (i) election of directors, if required;
 - (j) appointment of auditors;
 - (k) unfinished business, if any, to be considered;
 - (l) new business, if any, to be considered;
 - (m) special business, if any, to be considered.

Special business

- 39 (1) Any business other than business listed in rule 38, 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

- 40 (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 Directors must call a Special General Meeting if there is a requisition of at least the greater of 500 members, and 5% of the members.

- (3) A requisition for a Special General Meeting must:
 - (a) state the object of the meeting
 - (b) state the name and address of the representative of the representative of the requisitioning members
 - (c) if applicable, set out the resolution to be presented to the meeting, and
 - (d) be served on the Association.
- (4) If the Directors receive a requisition that complies with the sub section (2) and (3), then within 7 days after the date of requisition is served on the Association the Directors must:
 - (a) call the requisitioned meeting, or
 - (b) refuse to call the meeting on one or more of the following grounds:
 - i. It clearly appears that the proposal is submitted by members for the purposes of enforcing a personal claim or redressing a personal grievance against the Association or its officers or **promoting** causes that are **extraneous** to the organization.
 - ii. Substantially the same proposal was considered and defeated by the membership within 3 years immediately before the requisition containing the proposal was delivered to the registered office.
 - iii. The business of the requisitioned General Meeting as stated in the requisition included a matter outside the powers of the members.
- (5) The Directors may determine the order of business at a Special General Meeting. (CAA, sections 150, 151 and 152(1))

Time and place of general meetings

- 41** Subject to the Act, general meetings must be held at the time and place in British Columbia that the directors specify. (CAA, section 148)

Provision for two or more general meetings for the same matter

- 42** (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 sub rule (1) must be by secret ballot.
- (3) The sum of the total votes taken at the meetings referred to in sub rule (1) determine whether a resolution considered at those meetings is adopted or rejected. (CAA, section 144)

Record Date

- 43** (1) The record date for any General Meeting is the 30th day before the date of the General Meeting.
- (2) Only those members whose name 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

- 44** (1) Notice of general meetings must be given to members and to the auditor in the manner set out in Part 22 of these rules.
- (2) AT least fourteen (14) days' notice of every Annual General Meeting and every General Meeting at which and special resolution is to be proposed shall be given and , in the case of any other General Meeting, seven (7) days' notice shall be given. The notice shall specify the place, the day and the hour of the meeting and in the case of special business, shall specify the general nature of that business. (CAA, sections 122 and 146)

Notice of special business

- 45 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

- 46 (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 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 sub rule (1) (b), the notice must also state the place where the full text of that special resolution can be obtained.
- (3) Any special resolution submitted by a member shall be submitted to the Board of Directors at least 45 days prior to the meeting of the members which it is to be considered. The Board of Directors will remind the membership of the foregoing requirement, in writing at least 90 days prior to any General Meeting.

Notice of adjourned meeting

- 47 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. 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

- 48 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

- 49 The quorum for the transaction of business at a general meeting is 0.1% of the total number of members entitled to vote at the meeting, or 25 members entitled to vote at the meeting, whichever is less.

Requirement of quorum

- 50 No business, other than the election of a chair under rule 52 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

- 51** (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 sub rule (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

- 52** 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

- 53** 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

- 54** The secretary must record the minutes of all resolutions and proceedings at a general meeting.

Persons entitled to be present

- 55** 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

- 56** An individual who is not entitled to be present at a general meeting under rule 55 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.

Voting, in Person at meetings or other forms of communication

- 57** (1) A member or investment shareholder of an association who is entitled to participate in and vote at a meeting of the members or investment shareholders may participate and vote
- (a) in person, or
 - (b) unless the association's rules provide otherwise, by telephone or other communications medium if all members or investment shareholders attending the meeting are able to participate in it, whether by telephone, other communications medium or in person.
- (1.1) If the meeting is a fully electronic meeting, subsection (1) (a) does not apply to the meeting.
- (2) If an association holds a meeting of members or investment shareholders that is not an electronic meeting, the association is not obligated to take any action or provide any facility to permit or facilitate the use of any communications medium at the meeting.

- (2.1) If an association holds a meeting of members or investment shareholders that is an electronic meeting, the association must permit and facilitate participation in the meeting by telephone or other communications medium.
- (3) If a meeting of members or investment shareholders is held in the manner contemplated by subsection (1) (b),
- (a) a member or investment shareholder who participates in the meeting, whether in person, by telephone or by other communications medium, is deemed, for the purposes of this Act, to be present at the meeting, and
 - (b) the meeting is deemed to be held at the location, if any, specified in the notice of the meeting.

(CAA, section 149)

Part 11 – Voting at General Meetings

Actions to be determined by ordinary resolution

- 58** 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

- 59** 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 secret ballot

- 60** Every motion put to a vote at a general meeting shall be decided on a show of hands unless:
- (a) the Association is required to conduct the vote by secret ballots because the Association is holding 2 or more general meetings as permitted in rule 42; or
 - (b) 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 three individuals present and entitled to vote.

Secret ballots

- 61** (1) Subject to rule 63, 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

- 62** 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

- 63** A secret ballot demand on a motion for adjournment must be taken immediately at the meeting.

Demand for a secret ballot not to prevent continuation of meeting

- 64** 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

- 65** (1) The chair must declare to the general meeting the decision on every motion in accordance with the result of the show of hands, and 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

- 66** 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

- 67** Each ballot cast on a secret ballot
- (a) must be kept at the registered office of the Association for at least three (3) months after the general meeting at which it was conducted,
 - (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

- 68** (1) Subject to these rules, a member has only one vote.

Votes of persons in representative capacity

- 69** 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 he or she were a member 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.

Representative of eligible organization

- 70** (1) If an eligible organization provides evidence pursuant to rule 72 that it has appointed an individual to represent it at a general meeting, 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. 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 in writing, facsimile transmission, or other method of electronic transmission.

- (3) If an individual organization appoints a member of the Association as its representative, that individual is not entitled to vote both in his or her own right as a member and as the representative of the eligible organization.
- (4) No individual may vote as the representative of more than 1 eligible organization.

Proxy voting at a general meeting

71 There will be no proxy voting.

Requirements for appointments of representatives

- 72 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

- 73 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

74 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 13 – Directors

Duties of directors

75 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 rules. (CAA, Part 6, Division 1, 2 and 3)

Number of directors

- 76
- (1) The Association must have, in accordance with the Act, at least 3 directors, and not more than 11 directors.
 - (2) The number of directors shall be determined from time to time, within the limits set out in sub rule (1), by ordinary resolution of the members. (CAA, section 72)

Qualifications for directors

- 77 (1) All of the directors of the Association, must be individuals ordinarily residing in the province of British Columbia, in Canada.
- (2) All of the directors must be members of the Association or representatives of an eligible organization that is a member of the Association.
- (3) 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 or a member eligible organization of which the individual is a director has not purchased goods and services, or a combination of both, from the Association during the last financial year of the Association, worth equal to or more than \$1500.
 - (f) the individual or a member eligible organization of which the individual is a director has an account with the Association that is more than 60 days in arrears.
 - (g) the individual cannot meet the required Liquor and Cannabis Regulation Branch (LCRB) regulations.
 - (h) the individual is an employee of the Association or has been an employee of the Association in the past two (2) calendar years.

Security by directors

- 78 Before entering on his or her duties, a director who receives or has charge of money of the Association must give security as may be considered necessary by the directors. (CAA, section 84)

Part 14 – Election, Appointment and Removal of Directors

Election at Annual General Meeting

- 79a An election of directors must be held in each calendar year, at or prior to the annual general meeting to be held that year, to replace those directors whose terms of office have expired or will expire at the end of the annual general meeting in accordance with rule 86.
- 79b 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.
- 79c Each year not less than 40 days prior to the date set by the board for the election of directors 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 annual general meeting at which the results of the election are declared.

Nomination of candidates

- 80 A member may nominate a candidate for director. The nomination deadline for directors is 56 days prior to the Annual General Meeting. Notice of this deadline and nomination procedure will be suitably advertised at least 84 days in advance of the Annual General Meeting.

Voting by secret ballot

- 81** 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.

Candidates declared elected

- 82** 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

- 83** 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.

Where two or more candidates receive equal number of votes for last vacancy

- 84** 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

- 85** For the election or appointment of a director to be valid, consent of the candidate must be provided in accordance with the Act. (CAA, section 74)

Terms of office of Directors

- 86** (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 87 does not affect the unexpired term of a director in office.

Effect of vacancy on ability of directors to act

- 87** (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 purpose.
- (2) Except in the circumstances described and to the extent authorized in sub rule (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 87 or a failure to elect the minimum number of directors required by these rules.
- (3) In the circumstances described in rule 87 sub rule (1)(b) or when there are vacancies on the board as a result of an increase in the number of directors under rule 87 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

- 88** (1) Subject to sub rule (2), a person whose term as director is ending is eligible for re-election or reappointment.
- (2) No individual is entitled to serve more than 4 consecutive full terms as a director.

Director ceasing to hold office

- 89** 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;
 - (e) is absent for 3 (three) or more consecutive meetings of Directors without consent of the Board of Directors. (CAA, section 80)

Removal of director

- 90** (1) The members, by special resolution, may remove any director before the expiration of his or her term of office.
- (2) Consideration of a special resolution to remove a director before the expiration of his or her term of office is special business and must be handled as set out in rules 45 and 46.
- (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

- 91** 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. (CAA, section 77)

Time and place of meetings

- 92** 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

- 93** 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

- 94** (1) Subject to rules 95, 96, 97, 98 and 99, 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) facsimile transmission, or other method of electronic transmission, or
- (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 sub rule (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 sub rule (1) (c) is deemed received when it is delivered.
 - (5) A notice given under sub rule (1) (d) is deemed received at the time the facsimile transmission or other method of electronic transmission is sent.
 - (6) A director may waive notice, in any manner, or otherwise consent to the holding of a board meeting.
 - (7) 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

- 95** 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

- 96** (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 sub rule (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

- 97** 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

- 98** 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

- 99** 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

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

Chair

- 101** (1) Subject to sub rule (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

- 102** 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

- 103** The minutes of the proceedings of the directors must be kept in accordance with the Act. (CAA, section 137)

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. (CAA, section 77)

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 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. (CAA, section 77)

Remuneration

- 108** (1) In accordance with the Act, Directors are entitled to receive remuneration. The Association in General Meeting must determine what will be allowed for Director expenses and remuneration.
- (2) Directors are entitled to be reimbursed for travelling and other expenses properly incurred by them for attending board or committee meetings. (CAA, section 75)

Part 16 – Committees of Directors

Appointment of committees

- 109** (1) Subject to sub rule (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. (CAA, section 76)

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. (CAA, section 137)

Committee members' attendance book

117 A director's attendance at all meetings of the Association shall be recorded in the minutes (CAA, section 137).

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, may appoint a secretary, and may appoint a treasurer and other officers that the board determines are necessary.
 - (2) The officers appointed under sub rule (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. (CAA, section 105)

Term of officers 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 his or her duties, an officer who receives or has charge of money of the Association must give security as may be considered necessary by the directors. (CAA, section 104)

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. (CAA, Part 6, Division 2)

Part 19 – Indemnification of Directors and Officers

Act applies

- 125** The Association must indemnify the directors and officers in accordance with the Act. (CAA, Part 6, Division 3)

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.

Further, the securing of the repayment of money borrowed by the Association by means of a charge on the whole or substantially the whole of the undertaking of the Association shall not require authorization by a special resolution or other resolution of the members.

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. (CAA, Part 7)

Accounting records

- 130** The directors must cause accounts to be kept in accordance with the Act. (CAA, section 138)

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 and;
 - (c) lastly, 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 sub rule (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. (CAA, Part 1, section 9)

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 render the Association unable to pay its liabilities as they become due in the ordinary course of business, or cause the realizable value of the Association's assets to be less than its liabilities. (CAA, section 66)

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 sub rule (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 sub rule (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. (CAA, section 56)

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 sixty-seven (67) years and who have given notice to the Association as specified in rule 34;
 - (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; and
 - (e) to any member who holds more than 180 shares. These members shall be entitled to a refund of the value in excess of one hundred and eighty (180) shares. These shares will be paid out annually down to \$1800 with earned patronage returns.

- (f) 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.
 - (iii) to a member who is a legally registered society and holds more than thirty (30) shares. Such members shall be entitled to a refund of the values in excess of thirty (30) shares. A registered society may make application to the board of directors for such refund.

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. (CAA, section 208)

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 any other agreed upon electronic means’
 - (e) served in accordance with rule 148 or 149.
- (CAA, section 147)

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 publication of one of the advertisements 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 45; and
 - (c) in the case of a proposed special resolution, the text of the special resolution in accordance with rule 46.

- (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 sub rule (1). (CAA, sections 146 and 147)

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.
- (CAA, section 28)

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 his or her 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.
- (CAA, section 28)

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. (CAA, Part 8, Divisions 1, 2 and 3)

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. And may only be altered or added to by special resolution.
(CAA, Part 5, Division 1)
- 156** Any member shall be entitled to receive a copy of the Memorandum and Rules of the Association without charge.