

## **East End Storefront Cooperative**

### **Rules**

Passed by Special Resolution according to the Rules and *Co-operative Association Act*, this \_\_\_ of \_\_\_\_\_, 2020.

#### **I. Definitions**

1. In these rules, unless the context otherwise requires, words importing the singular include the plural and vice versa; words importing the masculine gender are used interchangeably and equally with those importing the feminine gender to imply either gender;

“**Act**” means the Co-operative Association Act.

“**Association**” means the East End Storefront Cooperative.

“**Board**” means board of directors as comprised according to these rules.

“**call**”, “**special resolution**”, “**ordinary resolution**”, “**memorandum**”, and “**rules**”, have the meanings respectively assigned to them by the Act.

“**Dividends**” means a payment from Surplus Earnings attributable to investment shareholders at the discretion of the Board;

“**Good Standing**” means being in compliance with obligations to the Association as determined by the Board, and not being in breach of any agreement entered into between the Member, or non-member, and the Association;

“**Member**” or “**Members**” means a person or persons who are Member(s) of the Association;

“**Patronage Returns**” means a patronage return or returns based on the business done by Members with or through the Cooperative, as provided in the Act;

“**Registered**” means a current registration for an organization through the BC Society Act, the Canada Revenue Agency, or the BC Cooperative Association.

“**Surplus Earnings**” means the surplus income of the Cooperative as determined by the Cooperative’s accountants using Generally Accepted Accounting Principles.

#### **II. Members and Investment Shareholders**

2. Subject to the provisions of the Memorandum, a person shall be qualified to apply for Membership in the Association if that person:

a. if an individual, is 16 years of age or older;

b. meets such other conditions as may be stipulated by the Board.

3. A person who qualifies for Membership in the Association may apply for Membership by submitting to the Board each of the following:
  - a. an Application for two Membership Shares;
  - b. payment for the shares subscribed for; and
  - c. such other documents, materials, and payments as may be required by the Board.

#### **Investment Shares**

4. Subject to the Memorandum, the Board may issue Investment Shares in the number and according to the share class that the Board determines is appropriate.
5. Subject to the Memorandum, the Board may issue Investment Shares to Members or non-members.
6. A Member or non-member may subscribe for Investment Shares in the Association by submitting to the Board each of the following:
  - a. subscription application for Investment Shares according to the share offering issued by the Board;
  - b. such other agreements as may be stipulated by the Board;
  - c. payment for the Investment Shares subscribed for on such terms as may be approved by the Board; and
  - d. such other documents and materials as may be required by the Board.

#### **Investment Policy**

7. The Board shall have the authority to make, amend, approve, and publish investment policies which establish standards, guidelines, and requirements with respect to investments made by Members and non-members to the Association ("Investment Policy"). An Investment Policy shall take effect from the date that it is approved by the Board, but may be amended or repealed by a majority of the Members at the next Annual General Meeting of the Association. The Investment Policy shall form part of these Rules, and shall have the same binding effect as Rules under the Act.

### **III. Joint Membership and Cessation Thereof**

8. All joint applicants for membership shall, at the time of making application, purchase a minimum of two membership shares in the association with the following conditions:
  - a. two or more, but no more than four applicants may apply to become joint share holders;
  - b. joint share holders have one vote;
  - c. if two or more individuals jointly own one shares only one of those joint share holders may be elected to the board at any one time;

- d. if the joint shareholders of any share cannot agree how to exercise their vote at the time a vote on a matter is taken, then they will be considered to have abstained from voting on that matter;
9. A member may transfer their shares with the approval of the directors.
10. If a member dies, becomes bankrupt, or makes an assignment for the benefit of creditors, the directors may either register the person entitled to her shares as a member or redeem the shares by paying to the party entitled thereto the amount paid for shares.
11. A member may withdraw from the Association upon written notice. That member may be provided a refund in the amount of paid-up and incurred shares, at the discretion of the Board.

**Termination of Membership for Cause**

12. The Board shall have the right, by resolution, to terminate the Membership of any Member if, in the opinion of the Board:
- a. the Member remains in default under any agreement with the Association, or is otherwise not in Good Standing, after 14 days' notice has been given to the Member to remedy the default in question;
  - b. the Member fails to comply with any law or regulation that may negatively impact the Association;
  - c. The Member fails to comply with these Rules, the Memorandum of Association, or policies of the Association;
  - d. any other just cause.
13. Within seven (7) days after the date on which the resolution to terminate the Membership of a Member is passed by the Board, the Cooperative shall, in the same manner as that provided for the giving of notice of a Meeting of Members, notify the person whose Membership was terminated.

**IV. Community Partner Membership, and Cessation Thereof**

14. Local, registered Non-profit Societies, Charities, and Cooperatives may apply for membership in the Association, and every application shall be made in writing. A standard application form shall be approved by the directors, and shall include a requirement to provide the Registration number of the organization, the responsible person's or persons' name with authority to make purchases on behalf of the organization, and may include requests for additional information such as a statement from the applicant regarding how the organization is connected to or benefits the local community. Applications shall be considered by the General Manager and the directors, who may accept, reject or postpone the application, or request additional information from the applicant.
15. Applicants for Community Partner membership shall, at the time of making

application, purchase a minimum of two membership shares in the association.

- a. Each Community Partner organization has one vote.
- b. Community Partner member organizations may elect one representative to vote on the organization's behalf, or attending individuals in good standing in the Community Partner organization may decide together on how to exercise their vote. In the event that they cannot agree on how to exercise their vote at the time the vote is taken, then the Community Partner will be considered to have abstained from voting on that matter.
- c. Community Partner members may not stand for election to the Board, but individuals who are members of both the Association and the Community Partner organization may stand for election. This event does not constitute a conflict of interest. Other rules pertaining to conflicts of interest are still applicable.

16. Community Partner memberships are non-transferable to other organizations. The Community Partner organization may change their authorized person referenced in Rule 14 through a written notification to the Association.
17. If a Community Partner organization loses its registration, dissolves, or becomes bankrupt, the Association may redeem the shares by paying to the party entitled thereto the amount paid for shares.
18. Rules regarding Membership Shares and Investment Shares are applicable to Community Partner memberships.
19. Regulations pertaining to eligibility of Community Partner benefits may be set by the Board, or by the members through a majority vote. Alterations by the Board must be ratified by the members in the following annual general meeting.

## **V. Meetings of the Association**

20. The annual general meeting shall be held once in every year on the date not later than four months after the end of the fiscal year of the Association as set by the Board.
21. If the preceding general meeting or the directors so resolve, a semi-annual general meeting shall be held in the sixth month following the preceding general meeting to consider the financial position and progress of the Association, the acts of the directors and such other business as may be launched before the meeting.
22. Subject to and in accordance with the Act, the Board, either on their own or at the request of the members may call a special general meeting.
  - a. Subject to and in accordance with the Act, the members may requisition a special general meeting. The requisition must set forth the objectives of the meeting.
  - b. If within one hour from the time appointed for the special general meeting, a quorum is not present, the meeting shall be dissolved.
23. Fourteen days notice at the least of every general meeting specifying the place, the day and the hour of the meeting, and in the case of special business, the general

nature of that business shall be posted conspicuously at the Association's regular place of business.

24. The quorum for the transaction of business at a general meeting is 25 members entitled to vote at the meeting.

25. A Member may attend a meeting of Members by means of a telephonic, electronic, or other communication facility that permits all persons participating in the meeting to communicate adequately with each other during the meeting.

26. The President of the Board, or in his absence the Vice-President, or the board of directors designate shall preside at all meetings of the directors, and general membership meetings.

27. If within one half hour from the time appointed for a general meeting a quorum is not present,

- a. the meeting stands adjourned and within one week the directors must announce the date of a new meeting. The new meeting must be held within 30 days of the announcement.
- b. if at the reconvened meeting referred to in subrule (a) a quorum is not present within ½ hour after the time appointed, the members present and entitled to vote are deemed to constitute a quorum.

28. The President may, if so directed by any meeting at which a quorum is present, adjourn the meeting to a different time and place. No business shall be transacted at the subsequent meeting other than the business left unfinished at the previous meeting.

29. On a show of hands or by a secret ballot, every member present and entitled to vote shall have one vote only. No proxy voting will be permitted.

30. Unless otherwise specified in the Act or these rules, all motions must pass by a majority vote of those members present and entitled to vote.

31. In the case of a vote by a show of hands, the declaration of the chairperson of the meeting shall be conclusive evidence of the results, unless two or more members before or on the declaration of the result demand a written ballot, at which time a written ballot shall be forthwith taken.

## **VI. Board of Directors**

### **Qualifications of Directors**

32. Subject to subclause 3.6(1) above, no person shall be a director if that person is:

- a. under 18 years of age;
- b. an individual who has been found a person of unsound mind by a court elsewhere than in British Columbia;
- c. an undischarged bankrupt;

d. not in Good Standing, if the director is a Member of the Association.

**Removal of Directors**

33. The Board may remove any director and declare that director's office vacant if the director:

a. remains in default under any agreement with the Association, or is not in Good Standing, after 14 days' notice has been given to that director to remedy the default by a person so authorized by the majority of the Board;

b. fails to attend three (3) consecutive regular meetings of the Board of which the Director has been duly notified, unless the director's absence has been explained to the satisfaction of the Board;

c. is convicted of an indictable offence for which the director is liable to imprisonment;

d. has been established to the satisfaction of the Board to be guilty of disloyalty to the Association; or

e. has been established to the satisfaction of the Board to be no longer qualified.

i. Subject to the Act, the Members of the Association may, by Special Resolution vote at a Meeting of Members, to remove any Director from office who was elected by the Members before expiration of their term.

ii. A Director may resign from the Board by giving the Board notice of his resignation in writing.

34. The number of directors shall be set by the Board from time to time and shall be a minimum of 3 and a maximum of 12. One staff person who is an Association member may be elected to be a voting director by those staff who are also members of the Association. It is the role of this director to represent the views of the Association staff to the Board.

35. The term for directors is two years. Directors may stand for re-election at the end of their terms, and may serve an unlimited number of terms.

36. A casual vacancy on the Board may be filled by a two-thirds vote of the remaining directors. Any person so appointed shall retain office only until the next general meeting, at which time the vacancy shall be filled by the election of a director for the unexpired portion of the term.

37. An election of directors must be held at each annual general meeting to replace those directors whose terms of office have expired. The Board shall nominate an elections officer, who shall not be a candidate in the election. The nominee must be approved by the majority of the general membership.

38. A member may nominate a candidate for director either before or at an annual general meeting at which a director is to be elected. Self nominations are accepted.

Nominated members must confirm their acceptance of nomination.

39. If the number of candidates in an election for directors exceeds the number of directors to be elected at the election, the election of directors must be by secret ballot.
40. 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.
41. In an election of directors, the elections officer must declare elected the candidates who received the highest number of valid votes up to the number of directors to be elected. The elections officer may appoint persons to tally ballots as she deems necessary.
42. If two or more candidates receive an equal number of votes for the last vacancy on the board, a run-off election may be held. If 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.

43. Directors and Officers of the Association, in exercising their powers and discharging their duties, shall:

- a. act honestly and in good faith with a view to the best interests of the Association; and
- b. exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

44. Subject to the limitations contained in the Act, the Association shall indemnify Directors and Officers, former Directors and Officers, and their respective heirs, legal representatives, and successors, against all costs, charges, and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by them in respect of any civil, criminal, or administrative action or proceeding to which they are made a part of by reason of being or having been Directors or Officers of the Association if:

- a. they acted honestly and in good faith with a view to the best interests of the Association; or
- b. in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, they had reasonable grounds for believing their conduct was lawful.

45. The Board shall elect from their own number a president, vice-president, treasurer,

and a secretary. The term of office of these positions shall be one year. These officers may be replaced by a two-thirds majority vote of all of the Board at any point during their term.

46. Subject to the Act, two or more offices of the Association may be held by the same individual.
47. Subject to the Act, the Board may specify the powers, duties and responsibilities of the officers appointed, and may vary, add to, or limit the powers, duties, and responsibilities of any officer.
48. The Board shall appoint at least one of their number to sit on each committee of the Association.
49. Unless or until such time as the Board determines by resolution to authorize other persons as their signing officers, the President and the secretary shall act as signing officers on behalf of the Association.
50. The Board may delegate any of their powers to committees consisting of such member or members as they think fit; any committee so formed shall exercise the powers so delegated. Each committee must report to the board. The committee terms of reference shall be set by the Board.
51. The Secretary of the Board shall cause copies of all of the following to be kept in binders provided for that purpose at the registered office.
  - a. all appointments of officers made by them;
  - b. the names of the directors present at each meeting of the directors or committee;
  - c. the minutes of all regular meetings of the Board.
52. The Board shall cause a proper register of members to be kept at the registered office and shall, in all other respects, duly comply with the Act or any statutory modification thereof for the time it is in force.
53. The Directors and Officers shall be paid such remuneration for their services as the Members may, from time to time and by ordinary resolution, determine.
54. The Directors and Officers shall be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof. Nothing in these Rules shall preclude any Director or Officer from serving the Cooperative in any other capacity and receiving remuneration therefore.
55. Regular meetings of the directors shall be held at least monthly.
  - a. Unless otherwise specified in these rules or the Act questions arising at any meeting shall be decided by a majority vote.
  - b. Special meetings of the directors may be called with the consent of a majority of directors.
  - c. Quorum for a meeting of the directors shall be a majority of the number of the

directors.

56. Regular meetings of the directors are conducted in person. If individual directors are not able to meet in person, attendance through other means of communication such as telephone or video conference is acceptable, if approved by the directors attending in person.
57. The Board may pass a resolution through electronic mail outside the regular Board meetings if:
- a. the matter is urgent and cannot be dealt with effectively at the next regular Board meeting; and
  - b. a majority of the Board members vote in favour of the resolution.
58. Resolutions passed through electronic mail shall have the same force as if passed at a regular Board meeting, and will be added to the agenda of the following Board meeting, at which time the agreement is ratified through the minutes.
59. The directors may raise or borrow or secure the payment of money for the purpose of the Association.
60. The directors shall cause true accounts to be kept:
- a. of all sums of money received and expended and the matter in respect of which such receipt and expenditures takes place; and
  - b. of the assets and liabilities of the Association.
61. The books of account shall be kept at the registered office of the Association, and may for temporary purposes be kept at such other place or places as the directors think fit, and shall at all reasonable times be open to the inspection of directors and members.
62. At each annual general meeting the Association 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 that meeting, the auditor in office continues as auditor until a successor is appointed.
- a. The Board may appoint an auditor to fill a casual vacancy. No directors or officers may be appointed or act as auditor.
63. At every annual general meeting, the directors shall cause to be laid before the Association the profit and loss statements and the balance sheet prepared by the auditor for the fiscal year ended December 31<sup>st</sup> of the previous year. The directors' report and the auditor's report shall be read and shall be open for inspection by any member.

#### **Surplus Earnings**

64. Subject to the Memorandum, the disposition of Surplus Earnings remaining in the hands of the Association at the end of a fiscal year shall be dealt with as follows:
- a. the Board shall set aside such reserves as the Board considers necessary;

- b. The Board shall declare Patronage Returns and dividends from the remaining Surplus Earnings at the Board's discretion;
- c. The Association may set off against any Patronage Returns payable to a member, and against any dividends payable to investment shareholders, amounts payable by the Member or Shareholder to the Association. Patronage Returns are not payable to a Member so long as the Member is not in Good Standing. Dividends are not payable to a Shareholder so long as the Shareholder is not in Good Standing.

#### **Borrowing of Dividends and Patronage Returns**

- 65. Subject to the Act, and any Agreements entered into by the Association, Dividends and Patronage Returns that are declared by the Board, or any portion thereof, that are not promptly paid by the Association shall be treated as a loan to the Association by the person entitled to the declared dividends and Patronage Returns.
- 66. The Association shall pay all sums borrowed by the Association under Section 62 without interest and as soon as revenue becomes available for that purpose.

#### **VII. Resolving Disputes**

- 67. To better facilitate the resolution of disputes arising out of the affairs of the Association, the Board may appoint a third party mediator to assist members to collectively resolve their differences and reach a signed written agreement.
- 68. Any dispute arising out of the affairs of the Association between a member thereof or a person who has for not more than six months ceased to be a member, or any person claiming through such a member or aggrieved person and the Association and/or a member thereof, may be referred to a committee of three persons by the board of directors if attempts to reach a conciliatory resolution between the parties have been unsuccessful. The person who has filed the complaint (the complainant) shall nominate one Association member to this committee. The person who has been complained about (the respondent) shall nominate one Association member to this Committee. The third person shall be mutually chosen by the two so nominated and shall act as the chairperson of the Arbitration Committee.
- 69. A person who is directly involved in a complaint, either as a complainant or a respondent, may not serve on an Arbitration Committee hearing that complaint.
- 70. An arbitration must be commenced in accordance with the Act. If notice is provided to a director, that director must promptly provide the Association with a copy of the notice.

#### **VIII. Additional Procedures**

##### **Notice by and to the Association**

- 71. A notice under the Act of these rules shall be in writing, and may be given by the Association to any member either personally or by sending it by registered post to her last known address as listed in the register of members.

- a. A notice or other document served through registered post under subsection (a) is deemed received on the second day, not including Saturday, Sunday, and holidays, after the date of mailing.
- b. A document or other record may be served on the Association by; leaving it at or mailing it by registered mail to the registered office of the Association; or, personally serving a director or officer of the Association.

#### **Procedures Relating to the Seal of the Association**

72. The seal of the Association shall not be affixed to any instrument except by the authority of a resolution of the directors, and the presence of such persons as the directors may appoint for the purpose; and these two shall sign every instrument to which the seal is so affixed in their presence.

73. The directors shall provide for the safe custody of the seal of the Association.

#### **Availability of the Rules**

74. A copy of these rules shall be available to any member on request.

75. The rules in the most current edition of Robert's Rules of Order shall govern the Association where they are not inconsistent with the Act and these rules.

76. The chair at his or her own discretion, or the members, by a majority vote, may decide to suspend the formal rules of order to facilitate informal debate and decision making.

#### **Conflicts of Interest**

77. A director of the Association must declare an interest in a contract or transaction and may be considered to be in conflict of interest if:

- a. the contract is a material contract, or the transaction is a material transaction, to the Association,
- b. the Association is or proposes to become a party to the contract or has entered into or proposes to enter into the transaction, and
- c. one of the following applies to the director;
  - a. the director has an interest in the contract or transaction,
  - b. the director is a director or officer of another association who has an interest, contract, or transaction with the Association.
  - c. the director has an immediate family member who has an interest in the contract or transaction

78. In the case of a conflict of interest: a director shall excuse herself from all correspondence, discussion and voting on matters pertaining to the conflicting contract or transaction.

#### **Dissolution**

**79. In the event of the dissolution of the Association:**

- a. Firstly, after the payment of all other debts, loans made by members to the Association shall be paid out from the assets of the Association. In the event the assets of the Association are not sufficient to fully pay out these loans, the assets shall be paid out on a pro rata basis in proportion to the amounts outstanding on each loan;
- b. Secondly, any amounts required to pay to fully redeem any Investment Shares shall be paid from the remaining assets of the Association. In the event that the remaining assets are not sufficient to fully pay out these amounts, the remaining assets shall be paid on a pro rata basis in proportion to the amounts required to redeem each Investment Share; and
- c. Finally, the balance, if any, shall be paid out to the holders of all Membership Shares on an equal basis per share.

**Altering the Rules of the Association**

80. Subject to and in accordance with the Act, these rules may only be altered or added to by Special Resolution at a general meeting.

81. Notwithstanding Section 80, the Board may, by ordinary resolution, amend these rules, or establish new rules, provided that such amendment or new rule(s) is not contrary to a rule approved by the Members, and provided further that the amended or new rule(s) is presented to the Members at the next annual general meeting for confirmation or amendment by special resolution, failing which the amended or new rule(s) shall be deemed repealed as of the date of the annual general meeting at which the amended or new rule(s) was not confirmed.

The undersigned directors of the Association certify that the above rules were adopted by a special resolution of the Members of the Association at a meeting held at Vancouver, British Columbia on the \_\_\_ day of September, 2020.

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