Rules of the
PENINSULA CONSUMER SERVICES CO-OPERATIVE

as of June 25, 2025

Unofficial Consolidation

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RULES OF PENINSULA CONSUMER SERVICES CO-OPERATIVE

PART 1 - INTERPRETATION

Definitions

1 In these rules,

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

"Association" means the Peninsula 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, including votes cast in person and, if permitted by the Act and these rules, votes cast by proxy and votes cast by mail ballot;

"regulation" means a regulation under the Act as made and amended from time to time;

"rules" means the rules adopted by the Association, as amended from time to time;

"special resolution" means a resolution of the members of the Association that is:

(a) submitted to all the members who are entitled to vote on the resolution and passed by being consented to in writing by all of them; or

(b) passed after the required notice of meeting under the Act, in a general meeting by a 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 and votes cast by 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.

Application for membership

6 An individual or eligible organization that wishes to become a member must submit to the Association a written application for membership in the form provided by the Association for that purpose and payment for the minimum number of membership shares required under rule 8 for membership in the Association.

Age qualification

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

Minimum share requirement

8 Each member must purchase, as a condition of membership, at least one (1) membership 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 by giving written notice to the directors of the member's intention to withdraw.

Effective date of withdrawal

12 The membership of a member ceases on the later of the date the member gives written notice to the Association of the intention to withdraw or the date specified in the member's written notice of intention to withdraw.

Notice of death or bankruptcy of individual member

13 Notice to the Association of the death or bankruptcy of an individual member has the same effect as a notice of intention to withdraw, and rules 11, 12, 18 and 32 apply with the necessary changes, so far as applicable.

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

14 Notice to the Association of the bankruptcy, liquidation or dissolution of a member that is an eligible organization has the same effect as a notice of intention to withdraw, and rules 11, 12, 18 and 32 apply with the necessary changes, so far as applicable.

Notice of permanent move

15 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 subrules (2) and (3), the Association may terminate the membership of a member in accordance with the Act if:

(a) the member has engaged in conduct detrimental to the Association,

(b) the member has not paid money due by the member to the Association within a reasonable time after receiving written notice to do so from the Association,

(c) in the opinion of the directors, based on reasonable grounds, the member

(i) has breached a material condition of an agreement with the Association, and

(ii) has not rectified the breach within a reasonable time after receiving written notice to do so from the Association, or

(d) the member has not transacted any business with the Association for a period of 2 consecutive years.

(2) The Association may exercise the power to terminate a membership under subrule (1) only by a resolution of the directors passed by a majority of at least 3/4 of all the directors at a meeting of the directors called to consider the resolution.

(3) The provisions regarding notice of the directors' intention to consider terminating a membership and regarding the member's right to be heard are as set out in the Act.

Appeal of termination of membership

17 A member whose membership is terminated for a reason set out in rule 16

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

(b) if he or she does so, the member continues to be a member of the Association, despite the resolution of the directors terminating the membership, unless the members at the general meeting to which the appeal is brought confirm the termination of membership by a special resolution.

Effect of termination, withdrawal or other cessation of membership

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

(2) The cessation of membership does not release the former member from any debt or obligation owed to the Association unless the instrument of debt or obligation states otherwise.

Part 3 - Share Structure

Authorized share structure

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

Part 4 - Payment for Shares

Payment for shares

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

Part 5 - Share Certificates

Entitlement to share certificate

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

Part 6 - Transfer of Shares

Requirements of instrument of transfer

22 (1) An instrument of transfer of membership or investment 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 or investment shares until the name of the transferee is entered in the register of members.

Form of Transfer

23 Membership or investment 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, transferee, agree to take the shares subject to those conditions.

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

(Signature of transferor) .....

(Signature of transferee) .....

(Signature of witness) .....

Effective date of transfer of shares

24 Transfer of membership or investment 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 or investment shares affected by a lien established by the Act.

Part 7 - Transmission of Shares

Procedure on death of a member

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

(a) if the person is not a member, apply under Part 2 for membership in the Association,

(b) if the person is a member, request that the directors register the membership or investment shares in the member's name, or

(c) apply to the directors to redeem the shares.

Registration of share prohibited if person entitled is not a member

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

(a) that person is a member, and

(b) that 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 or investment 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 or investment shares of the deceased member, other than those membership or investment shares that were issued to the member by the application of the 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 or investment shares, being all membership or investment 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 141.

Part 8 - Redemption of Shares

Association authorized to purchase and redeem its shares

30 Subject to the Act and these rules, the Association, by a resolution of the directors, may redeem any of its membership shares on the terms specified by the resolution, in accordance with the order of priority specified in rule 141.

When redemption of shares to be prohibited

31 The Association must not exercise its powers to redeem membership shares if there are reasonable grounds for believing that:

(a) the Association is unable to pay its liabilities as they become due in the ordinary course of business; or

(b) exercising the Association's power to redeem the membership shares would:

(i) render the Association unable to pay its liabilities as they become due in the ordinary course of business; or

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

Redemption of shares on withdrawal of membership

32 Subject to the Act and these rules, when a member withdraws (including deemed withdrawal in the case of death, bankruptcy, liquidation, dissolution or moving away of a member, as specified in rules 13, 14 and 15), the Association must:

(a) redeem the membership shares of that withdrawing member, other than those membership shares that were issued by the application of patronage returns credited to the member, within 12 months after the member withdraws; and

(b) redeem all remaining membership shares, being all membership shares that were issued to the member by the application of patronage returns

credited to the member, within the time period the board deems appropriate and in accordance with the order of priority specified in rule 141.

Redemption of shares on termination of membership

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

Redemption of shares on reaching age 70

33.1 (1) Subject to the Act and these rules, an individual member who has reached 70 years of age will continue to hold the minimum number of membership shares required for membership under rule 8**,** but may require the Association to redeem the membership shares that were issued to that member by the application of patronage returns credited to the member, by giving written notice to the Association of the request and by providing the Association with reasonable proof of his or her age.

(2) Subject to the Act and these rules, if the member gives written notice to the Association as specified in subrule (1), the Association must redeem the member's membership shares referred to in subrule (1) within 12 months after the member has given the Association the written notice required under subrule (1) and in accordance with the order of priority specified in rule 141.

Amount to be paid on redemption

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

Part 9 - Register of Members

Register of members

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

Part 10 - General Meetings of the Association

Annual general meetings

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

Order of business at annual general meeting

37 The business to be conducted at annual general meetings shall be as follows and in the order determined by the directors to be appropriate:

(a) meeting to be called to order;

(b) notice convening meeting to be read;

(c) minutes of preceding annual general meeting to be read and adopted or amended and adopted as required;

(d) business arising out of minutes, if any, to be considered;

(e) reports of standing and special committees, if any, to be read;

(f) financial statement to be placed before the meeting;

(g) reports of directors to be read;

(h) report of auditors to be read;

(i) 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

38 (1) Any business other than business listed in rule 37, subparagraphs (a) to (l) inclusive, is special business.

(2) Where special business requires a vote, it must be determined by ordinary resolution unless the Act or these rules require a special resolution.

Special general meetings

39 (1) The calling of a special general meeting by the directors, either on their own initiative or in response to a requisition by the members, must be in accordance with the Act.

(2) The requisitioning of a special general meeting by the members must be in accordance with the Act.

(3) The directors may determine the order of business at a special general meeting.

Time and place of general meetings

40 Subject to the Act, general meetings must be held at the time and place in British Columbia that the directors specify.

Provision for 2 or more general meetings for the same matters

41 (1) If it is not possible to hold one general meeting at a time when, or place where, a large portion of the membership is able to attend, the directors may choose to call

2 or more general meetings to be held at the times and the places in British Columbia that they specify in the notice of meetings.

(2) Votes taken at meetings referred to in subrule (1) must be by secret ballot.

(3) The sum of the total votes taken at the meetings referred to in subrule (1) determine whether a resolution considered at those meetings is adopted or rejected.

Record date

42 (1) The record date for any general meeting is the 30th day before the date of the general meetings.

(2) Only those members whose names are entered on the register of members on the record date are entitled to vote at the general meeting.

Notice of general meetings of the Association

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

Notice of special business

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

Notice of a special resolution

45 (1) If a special resolution is to be proposed at a general meeting, the notice of the meeting must include

(a) the full text of the special resolution, or

(b) if the full text of the special resolution is too lengthy for convenient inclusion in the notice, a summary of the text in sufficient detail to permit a member to form a reasoned judgment concerning the special resolution.

(2) If a notice of a general meeting contains a summary of the text of a special resolution as provided in subrule (1)(b), the notice must also state the place where the full text of that special resolution can be obtained.

Notice of adjourned meeting

46 If a general meeting is adjourned for fewer than 30 days, it is not necessary to give notice of the adjourned meeting other than by announcement at the first meeting that is adjourned, but if a general meeting is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting must be given in the same manner as for the original meeting.

Meeting valid despite failure to give notice

47 The accidental omission to give notice of any general meeting to, or the non-receipt of any notice by, a member or person entitled to receive notice does not invalidate any proceedings at that meeting.

Quorum

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

Requirement of quorum

49 No business, other than the election of a chair under rule 51 and the adjournment of the meetings, may be transacted at any general meeting unless a quorum is present at the commencement of the meeting and if, at any time during the meeting, a quorum ceases to be present, any business then in progress is suspended until a quorum is present or until the meeting is adjourned or terminated, as the case may be.

Lack of quorum

50 (1) If, within one hour after the time appointed for a general meeting, a quorum is not present, the meeting,

(a) if convened by requisition of members, must be dissolved, and

(b) in any other case, stands adjourned to the same day in the next week at the same time and place, unless the board changes the place of the meeting out of necessity.

(2) If at the adjourned meeting referred to in subrule (1) a quorum is not present within ½ hour after the time appointed, the individuals present and entitled to vote are deemed to constitute a quorum.

Chair

51 The chair of a general meeting must be one of the president, the vice-president, or such other person appointed by the directors to chair the general meeting. If neither the president nor the vice-president nor such other person appointed by the directors is present or willing to serve, the members present at that general meeting may elect a chair for the meeting.

Adjournments by chair

52 The chair of a general meeting may, and, if so directed by the individuals present and entitled to vote, must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Minutes of meetings

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

Persons entitled to be present

54 The only individuals entitled to be present at a general meeting are those entitled to vote at that meeting, the auditor of the Association, if any, and others who are entitled or required under any provision of the Act or these rules to be present.

Other persons may be admitted

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

Voting in person at meeting or other form of communication

56 If authorized in advance by the directors, members may participate in a general meeting and vote by telephone or other electronic communications medium, in accordance with the Act.

Part 11 - Voting at General Meetings

Actions to be determined by ordinary resolution

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

Chair not entitled to casting vote

58 In case of an equality of votes,

(a) the chair of a general meeting is not entitled to a second or casting vote, and

(b) the motion is lost.

Decisions by show of hands or secret ballot

59 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 ballot because the Association is holding 2 or more general meetings as permitted in rule 41; 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 a secret ballet is demanded by 21 of the individuals who are present and entitled to vote or 10 per cent (10%) of the individuals present and entitled to vote, whichever is less.

Secret ballots

60 (1) Subject to rule 62, a secret ballot must be taken in the manner and at the time, either at the general meeting or within 7 days after the date of the meeting, and at the place that the chair of the meeting directs.

(2) The result of the secret ballot is deemed to be a resolution of the general meeting at which the secret ballot is demanded.

(3) The individuals who demanded a secret ballot may withdraw the demand before the secret ballot is taken.

Chair must resolve dispute on a secret ballot

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

Demand for a secret ballot on adjournment

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

Demand for a secret ballot not to prevent continuation of meeting

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

Declaration of result

64 (1) The chair must declare to the general meeting the decision on every motion in accordance with the result of 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

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

Retention of ballots and proxies

66 Each ballot cast on a secret ballot, and each proxy appointing a proxy holder who casts a ballot on a secret ballot,

(a) must be kept at the registered office of the Association or at the office of the auditors for the Association for at least 3 months after the general meeting at which it was conducted,

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

(c) may be destroyed at the end of the period referred to in paragraph (a).

Part 12 - Voting Rights of Members

Voting rights and restrictions

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

Votes of persons in representative capacity

68 A person who is not registered as the holder of a membership share but who is entitled to vote at a general meeting as a representative of a member eligible organization may vote in the same manner as if 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

69 (1) If an eligible organization provides evidence pursuant to rule 71 that it has appointed an individual to represent it at a general meeting,

(a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the eligible organization as that eligible organization could exercise if it were an individual member of the Association present at the meeting, and

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

(2) The evidence of appointment of a representative of an eligible organization may be provided to the Association by written instrument, telegram, telex, facsimile transmission, or other method of electronic transmission.

(3) If an eligible organization appoints a member of the Association as its representative, that individual is entitled to vote both in 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 3 eligible organizations.

Proxy voting at a general meeting

70 (1) An individual member may vote by proxy at a general meeting in accordance with the Act and these rules if the individual member's residence, as determined from the register of members of the Association is more than 80 kilometres from the

place of the meeting (calculated using the shortest drivable vehicular route), or, if there are 2 or more meeting places, from the place of the meeting closest to the individual member's residence.

(2) Only an individual member may be appointed to vote as a proxy on behalf of another individual member.

(3) An individual to whom a proxy has been given may not vote the proxy except in person at the meeting specified in the proxy or any adjournment of that meeting.

(4) No individual may vote more than 3 membership proxies.

Requirements for appointments of representatives

71 An instrument appointing a representative of a member that is an eligible organization

(a) must be in writing,

(b) must identify the eligible organization and the individual appointed as the representative of the eligible organization,

(c) must identify the meeting for which the representative is appointed,

(d) must be signed by a duly authorized director, officer or attorney of the eligible organization,

(e) must include the date of the signature referred to in paragraph (d), and

(f) remains in effect until replaced by a subsequent instrument that appoints a new representative of the eligible organization.

Form of proxy

72 An instrument appointing a proxy may be in the following form or in any other form approved by the directors from time to time:

I ..... of ..... a member

of ..... *[name of Association]* hereby appoint

..... as my proxy to vote for me and on my behalf at the general meeting to be held on *.../.../...[month/day/year];* and any adjournment of that meeting, and the person I am appointing is a member of the Association.

Signature .....Date ....
[month/day/year]

Validity of proxy votes

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

Revocation of proxies

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

(a) signed by the individual member who gave the proxy, and

(b) delivered to

(i) the registered office of the Association, at any time up to and including the last business day preceding the day of the meeting, or any adjournment of that meeting, at which the proxy is to be exercised, or

(ii) the chair of the meeting, on the day of the meeting or any adjournment of that meeting before the taking of any vote in respect of which the proxy is to be exercised.

Deposit of proxies and appointments of representatives

75 Every proxy and 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

76 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

77 The directors must manage or supervise the management of the Association in accordance with the responsibilities, duties and powers set out in the Act, the regulation, the memorandum and these rules.

Number of directors

78 (1) The Association must have,

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

(b) not more than 11 directors.

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

Qualifications for directors

79 (1) A majority of the directors of the Association must be individuals ordinarily resident in Canada.

(2) At least one of the directors of the Association must be an individual ordinarily resident in British Columbia.

(3) All of the directors must be members of the Association or representatives of an eligible organization that is a member of the Association.

(4) No individual is entitled to become or act as a director of the Association if:

(a) the individual is under the age of 18 years;

(b) the individual is found by a court, in Canada or elsewhere, to be incapable of managing the individual's own affairs;

(c) the individual is an undischarged bankrupt;

(d) the individual is convicted in or out of British Columbia of an offence in connection with the promotion, formation or management of a corporation, or an offence involving fraud, unless the events described in the Act have occurred;

(e) the individual is an employee of the Association or has been an employee of the Association within the last two years;

(f) the individual is related to an employee of the Association in any of the following ways:

(i) spouse;

(ii) person living with the employee in an arrangement equivalent to spouse (“common law”)

(g) the individual or a member eligible organization of which the individual is a director has an account with the Association that is more than 90 days in arrears;

(h) the individual or the individual’s spouse (legal or common law) has not been a member of the Association for at least one year;

(i) the individual or the individual’s spouse (legal or common law) is a party to a dispute with the Association which is before the courts or an arbitrator.

Security by directors

80 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.

Part 14 - Election, Appointment and Removal of Directors

Annual election of directors

81 (1) 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 88.

(2) The board may, from time to time, establish procedures for the election of directors which are not contrary to or inconsistent with the Act or these rules.

(3) The board shall establish election procedures designed to encourage and make practical voting by all members, taking into consideration the resources of the Association.

(4) Each year, not less than 30 days prior to the date set by the board for the election of directors or the first date of the period during which members may vote, the board must post notices setting out the procedures established by the board for the election of directors in prominent locations at all places of 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.

(5) Only members recorded as such in the register of members on the last day of the previous fiscal year of the Association shall be eligible to vote in the election of directors.

Nomination of candidates

82 (1) A candidate for election as a director must be a member of the Association or a representative of an eligible organization that is a member of the Association and be nominated by the filing of a nomination form signed by the candidate and at least five (5) other members.

(2) A nomination form must be submitted to the Association between March 1 and the last day of the Association's fiscal year to be valid for the next election of directors.

Secret voting

83 (1) If the number of candidates in an election of directors exceeds the number of directors to be elected, the election must be by secret ballot or some other method of voting which ensures that the candidates for whom a member votes is known only to the member.

(2) Each candidate, or a representative of that candidate, may observe: the opening of all ballot boxes and ballot envelopes; the verification that ballots were cast by members of the Association eligible to vote in the election; the counting of the ballots; and the final tabulation of the ballots.

(3) The person appointed to supervise the counting of the ballots shall have the authority to remove any candidate or representative of a candidate who interferes with the process of counting the ballots.

Candidates declared elected

84 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

85 The results of the election for directors shall be reported to the annual general meeting by the chair of that meeting and the chair must declare elected the candidates who received the highest number of valid votes up to the number of directors to be elected.

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

86 If 2 or more candidates receive an equal number of votes for the last vacancy on the board:

(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

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

Terms of office of directors

88 (1) Except as otherwise provided in these rules, directors hold office until their successors are elected at the third annual general meeting following the annual general meeting at which they were declared elected.

(2) A reduction in the number of directors under rule 78 does not affect the unexpired term of a director in office.

(3) The first directors of the Association shall determine which of them shall have terms expiring at the first annual general meeting, second annual general meeting and third annual general meeting after these bylaws come into effect, so that as close as possible to one third of the directors shall come up for election each year.

Effect of vacancy on ability of directors to act

89 (1) Despite any vacancy on the board, the continuing directors

(a) if and so long as the number of continuing directors constitutes a quorum of the board, may continue to function without filling the vacancy or may appoint a qualified member to fill the vacancy, or

(b) if the number of continuing directors does not constitute a quorum of the board, may appoint directors for the purpose of increasing the number of directors to a quorum to enable them to call a general meeting and for no other purposes.

(2) Except in the circumstances described and to the extent authorized in subrule (1)(b), the directors are not entitled to fill a vacancy on the board that is caused by either an increase in the number of directors under rule 78 or a failure to elect the minimum number of directors required by these rules.

(3) In the circumstances described in subrule (1)(b) or when there are vacancies on the board as a result of an increase in the number of directors under rule 78 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

90 (1) Subject to subrule 90 (2), a person whose term as director is ending is eligible for re-election or reappointment.

(2) Directors may hold office for a maximum of four (4) full 3-year terms.

(3) Despite subrule 90 (2), a director whose 4th consecutive 3-year term is ending in 2022, 2023, or 2024 is eligible for re-election or reappointment for one additional 3-year term.

Director ceasing to hold office

91 A director ceases to hold office if:

(a) the term of office of that director expires in accordance with the Act or these rules;

(b) the director dies or resigns;

(c) the director is removed from office in accordance with the Act or these rules; or

(d) the director ceases to be qualified to be or act as a director under the Act or these rules.

Removal of director

92 (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 44 and 45.

(3) The members, by ordinary resolution, may fill any vacancy created by the removal of a director from office under this rule.

Part 15 - Meetings of Directors

Meetings of directors

93 Subject to the Act and these rules, the directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they consider appropriate.

Time and place of meetings

94 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

95 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

96 (1) Subject to rules 97, 98, 99, 100 and 101, at least 7 days notice of a meeting of the directors, specifying the place, date and hour of the meeting, must be given to each director and is sufficiently given if provided by:

(a) personal delivery,

(b) mail addressed to the director's address as it appears in the register of directors,

(c) leaving it at the director's usual business or residential address,

(d) telegram, telex, facsimile transmission, or other method of electronic transmission, or

(e) telephone to the director's telephone number as provided by the director.

(2) A notice of a meeting of directors must specify the purpose of, or the business to be transacted at, the meeting if the meeting is called to deal with an emergency.

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

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

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

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

(7) A director may waive notice, in any manner, or otherwise consent to the holding of a board meeting.

(8) A director's attendance at a board meeting is deemed to be a waiver of notice and a consent to the holding of the meeting.

Meeting of new board

97 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

98 (1) The board may, by resolution, appoint a day or days in any month or months for regular board meetings at the places and times specified by the board.

(2) A copy of the resolution under subrule (1) must be sent to each director immediately after being passed, and no other notice is required for any regular board meeting, unless the Act or these rules require that the purpose of the meeting or the business to be transacted at it be specified in a notice.

Notice of emergency meeting

99 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

100 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

101 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

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

Chair

103 (1) Subject to subrule (2), the president of the Association or, in the absence of the president, the vice-president must chair all meetings of the board.

(2) If the president and vice-president are unable or unwilling to chair a meeting of the board or any portion of it, the directors present must appoint one of their number to chair the meeting.

Voting at meetings

104 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

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

Directors' attendance

106 A director who is present at a meeting of directors must sign his or her name in a book kept for that purpose or ensure that the minutes of the meeting record the presence of the director at that meeting.

Transaction of business without a meeting

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

Effective date of written resolution

108 A resolution referred to in rule 107 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

109 For the purposes of a resolution referred to in rule 107, written consent may be provided by telegram, telex, facsimile transmission or other method of electronic transmission.

Meetings by conference telephone

110 A director may participate in a meeting of the directors or of any committee of the directors by means of telephone or other communications medium if all directors participating in the meeting, whether by telephone, other communications medium or in person, are able to communicate with each other.

Remuneration

111 (1) Directors are entitled to receive remuneration for their services at rates determined from time to time by ordinary resolution of the members at a general meeting.

(2) Directors are entitled to be reimbursed for travelling and other expenses properly incurred by them for attending board or committee meetings.

Part 16 - Committees of Directors

Appointment of committees

112 (1) Subject to subrule (3), the board may, by resolution, appoint one or more committees consisting of the director or directors that the board considers appropriate to exercise the powers delegated by the board to them as authorized by the Act.

(2) Any committee so formed, in the exercise of the powers delegated to it, must

(a) conform to any terms of reference that may from time to time be imposed on it by the directors, and

(b) report every act or thing done in the exercise of those powers to the earliest meeting of the directors held next after the act or thing has been done.

(3) The board is not entitled to delegate to a committee its power to appoint an individual to fill a vacancy on the board or any authority required by the Act to be exercised by the board as a whole.

Variation of terms of reference

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

Time and place of committee meetings

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

Quorum

115 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

116 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

117 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

118 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

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

Committee members' attendance

120 A director who is present at a meeting of a directors' committee must sign his or her name in a book kept for that purpose or ensure that the minutes of the meeting record the presence of the director at that meeting.

Part 17 - Officers

Appointment of president and vice-president

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

Appointment of other officers

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

(2) The officers appointed under subrule (1) may, but need not, be directors.

One person may hold more than one office

123 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

124 Subject to the Act, the board must specify the powers, duties and responsibilities of the officers appointed, and may vary, add to, or limit the powers, duties, and responsibilities of any officer.

Term of office and remuneration

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

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

Security by officers

126 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.

Part 18 - Conflict of Interest Rules for Directors and Officers

Act applies

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

Part 19 - Indemnification of Directors and Officers

Act applies

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

Part 20 - Finances

Borrowing powers

129 (1) In addition to the powers given to directors by the Act, and subject to the limitations imposed by subrule (2), 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, and

(b) issue notes, bonds, debentures and other debt securities

as the directors consider appropriate.

(2) Unless authorized to do so by a special resolution of the members, the Association must not secure 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.

Investment powers

130 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

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

Auditor

132 (1) At each annual general meeting, the members must appoint an auditor by ordinary resolution to hold office until the close of the next annual general meeting, but, if an appointment is not made at an annual general meeting, the auditor in office is entitled to continue as auditor until a successor is appointed.

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

(3) The provisions respecting the qualifications, remuneration and removal of the auditor are as provided in the Act.

Accounting records

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

Financial year

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

Use of surplus

135 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 137;

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

(c) last, to patronage returns as determined by the board.

Deficits

136 (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

137 (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 136; and

(c) income tax;

the Association, by resolution of the board, may allocate among and credit to each member the remaining surplus for each financial year of the Association, in proportion to the business done by the member with the Association in that financial year as computed by the board in accordance with subrule (2).

(2) The board shall compute the amount of business done by each member with the Association in the 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 the appropriate differences for the different classes, grades or qualities of the goods and services.

Purchase of additional membership shares

138 (1) The Association is entitled to apply patronage returns credited to a member to purchase, on behalf of that member, additional membership shares of the Association.

(2) Each member is deemed to apply for additional membership shares in the Association and authorizes the Association to apply the patronage returns credited to that member towards the purchase of additional membership shares of the Association.

When payment of patronage returns prohibited

139 The Association must not pay any patronage return if there are reasonable grounds for believing that

(a) the Association is unable to pay its liabilities as they become due in the ordinary course of business or,

(b) paying the patronage return would

(i) render the Association unable to pay its liabilities as they become due in the ordinary course of business, or

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

Lien

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

(2) The Association is entitled to enforce the lien specified in subrule (1) by redeeming any membership share affected by the lien or by taking any other action, suit, remedy or proceeding authorized or permitted by law or by equity.

(3) Pending the enforcement of the lien specified in subrule (1), the Association may refuse to register a transfer, or acknowledgement of assignment, of any membership share or any other interest or sum payable that is affected by the lien.

Redemption of membership shares

141 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 70 years and who have given notice to the Association as specified in rule 33.1, but the Association must not reduce the number of membership shares held by any member or joint membership below the minimum number of membership shares required for membership under rule 8;

(c) next, to individual members who have, or, in the case of member eligible organizations, where they have permanently moved their registered offices out of the trading area;

(d) next, to the remaining members according to a formula as determined from time to time by the board, but the Association must not reduce the number of membership shares held by any member below the minimum number of membership shares required for membership under rule 8;

(e) last, to members who have requested redemption for other reasons, including, but not limited to:

(i) liquidation and dissolution, or receivership, of a member eligible organization;

(ii) bankruptcy of the member.

Part 21 - Dispute Resolution

Disputes to be referred to arbitration committee of members

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

Part 22 - Notices

Notice to directors, members, and other persons

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

(a) delivered personally,

(b) delivered to the person's last known address, as recorded in the Association's register of members or other record of the Association,

(c) mailed by prepaid mail to the person's last known address, as recorded in the Association's register of members or other record of the Association,

(d) sent to the person by facsimile transmission to a telephone number provided for that purpose, or

(e) served in accordance with rule 151 or 152.

Notice of general meetings and special resolutions

144 (1) Notice of the time and place of every general meeting of the Association must be given to the members by posting the notice in a prominent and accessible location at each place of business of the Association not less than 21 days prior to the general meeting.

(2) Notices given under this rule must specify:

(a) the place, the day and the hour of the meeting; and

(b) in the case of special business the general nature of the business in accordance with rule 44; and

(c) in the case of a proposed special resolution, the text of the special resolution in accordance with rule 45.

(3) Notice of a general meeting must be given to the Association's auditor by post, service, or delivery.

(4) Notice to directors of general meetings is sufficiently given if given in accordance with subrule (1).

Notice to Association

145 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 152.

Deemed receipt

146 (1) A notice given in accordance with rules 143(b) or 145(a) is deemed received when it is delivered.

(2) A notice given in accordance with rules 143(c) or 145(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 143(d) is deemed to be received at the time the notice is sent by facsimile.

(4) A notice given in accordance with rule 144(1) is deemed received on the day of the newspaper's publication of the last advertisement.

Computation of time

147 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

148 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

149 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

150 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

151 (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

152 A document or other record may be served on the Association by:

(a) leaving it at, or mailing it by registered mail to, the registered office of the Association; or

(b) personally serving a director or officer of the Association.

Part 24 — Corporate Seal and Execution of Instruments

Use of corporate seal

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

Custody of seal

154 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

155 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

156 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 155.

Part 25 - Records

Records of the Association

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

Part 26 - Alteration of Memorandum or Rules

Alteration of memorandum or rules

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

Part 27 - Investment Shares

Summarization

159 The rights and restrictions attached to the investment shares of the association may be summarized as follows:

Class	Dividend Entitlement	Liquidation Entitlement	Redeemable	Retractable	Redemption Amount
"A"	Non-Participating	Redemption Amount only	Yes	Yes	Set by Directors
"B"	Non-Participating	Redemption Amount only	Yes	Yes	Set by Directors
"C"	Non-Participating	Redemption Amount only	Yes	Yes	Set by Directors
"D"	Non-Participating	Redemption Amount only	Yes	Yes	Set by Directors

Issue of Investment Shares

160 Investment shares shall only be issued in respect of a purchase and sale transaction to which Section 85 of the *Income Tax Act* (Canada) ("**Section 85**") applies. The Directors shall determine the Redemption Amount of any such shares at the time that the first of any such Shares are issued.

Voting

161 The holder of an investment share is not entitled to notice of or to vote in person or by proxy at any general meeting of the Association.

Dividends and Interest

162 No dividends or interest shall be declared on or paid on or set apart for the investment shares.

Redemption

163 The investment shares of the Association are redeemable and:

(a) The Association may at any time after the date of the issue thereof, upon giving notice as hereinafter provided, redeem the whole or any part of the investment shares on payment of the Redemption Amount as hereinafter defined; provided however that not less than 21 days notice in writing is given by mailing such notice to the registered holders of the investment shares to be redeemed specifying a date and place or places of redemption unless the holders of the investment shares to be redeemed waive any notice required to be given under this paragraph which waiver, whether given before or after the redemption, will cure any default in giving such notice and if notice of any redemption be given by the Association as required, the holders thereof will thereafter have no rights against the Association in respect

of such investment shares except upon the surrender of certificates for such investment shares to receive payment for them;

(b) In case a part only of the then outstanding investment shares is at any time to be redeemed, the investment shares so to be redeemed shall be selected in such manner as the Directors in their absolute discretion shall decide, or if the Directors so determine, may be redeemed pro rata, disregarding fractions. If a part only of the investment shares of any class represented by any certificate are to be redeemed than a new certificate representing the investment shares which are not to be redeemed shall be issued at the expense of the Association;

(c) On or after the date so specified for redemption, the Association shall pay or cause to be paid to or to the order of the registered holders of the investment shares to be redeemed, the Redemption Amount on presentation and surrender at the head office of the Association or at any other place designated in such notice, of the certificates for the investment shares so called for redemption; such Investment shares shall thereupon be and be deemed to be redeemed; from and after the date so specified in any such notice, and the holders thereof shall not be entitled to any rights in respect thereof, except that of receiving the Redemption Amount, unless payments of the Redemption Amount shall not be made by the Association on the presentation and surrender of certificates in accordance with the foregoing provisions in which case the rights of the holders shall remain unaffected; should the holders of the investment shares so called for redemption fail to present certificates representing such investment shares on the date specified for redemption, the Association shall have the right to deposit the Redemption Amount of such investment shares in a special account in any chartered bank or trust company in Canada to provide for the payment thereof, without interest, to the holders of such investment shares upon presentation and surrender to such bank of the certificates representing the same, and upon such deposit being made, the Investment shares in respect whereof such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof after such deposit shall be limited to receiving, without interest, their proportionate part of the total Redemption Amount so deposited against presentation and surrender of the said certificates held by them respectively, and such holders shall not be entitled to any further participation in the assets of the Association or to any interest allowed on such deposit or deposits or to any rights as holders of such investment shares;

(d) For greater certainty, the Association may redeem any class of investment shares without redeeming the other classes of investment shares and notwithstanding anything in these rules to the contrary, if not all of the outstanding investment shares of any class are to be redeemed, the investment shares to be redeemed may be selected in such manner as the Directors determine and need not be selected either in proportion to the number of Investment shares registered in the name of each shareholder or from every or any particular holder of investment shares of that class;

(e) No investment shares of any particular class may be redeemed if to do so would reduce the value of the net assets of the Association to less than the aggregate of the redemption amount of all issued investment shares; and

(f) The Directors may re-issue any or all of the redeemed Investment shares.

Aggregate Redemption Amount

164 The aggregate Redemption Amount of each class of investment shares will be the amount by which:

(a) the aggregate fair market value of all the property acquired by the Association in the transaction to which Section 85 applies and in respect of which such Investment shares were issued,

exceeds

(b) the cost amount of the property transferred to the Association in the transaction to which Section 85 applies, as determined by the Directors of the Association at the time of the issuance of such Investment shares.

Redemption Amount per Investment Share

165 The Redemption Amount of each investment share issued will be determined by dividing the aggregate Redemption Amount for the class by the number of investment shares of the class issued in respect of such transaction.

Adjustment of Redemption Amount

166 If the Minister of National Revenue for Canada or any other taxing authority with jurisdiction (the "**Assessing Authority**") at any time proposes to issue or does issue an assessment that imposes or would impose any liability for tax of any nature or kind whatsoever on the Association, on the Transferor or on any other person on the basis that, in a transaction wherein investment shares have been issued, the fair market value of the acquired or exchanged property is greater or less than the aggregate Redemption Amount of the investment shares in question plus the fair market value of other consideration, the actual fair market value of the acquired or exchanged property as of the issue date of the investment shares (**"Adjustment Amount"**) will be determined:

(a) subject to Clause (b), by the Assessing Authority provided the Directors resolve that such determination is accurate; or

(b) by the final determination of a competent tribunal after all appeals which the Association, the Assessing Authority or any other party with standing may pursue, provided the time within which any further appeal may be commenced has expired.

Redemption Amount Adjusted Down

167 If it is determined under rule 166 that the Adjustment Amount minus the fair market value or Other Consideration (such difference being herein the "**Value**") is less than the aggregate Redemption Amount for the Investment shares in question, the following adjustments will forthwith be made to account for that deficiency:

(a) If, at the date of adjustment, any of those Investment shares remain issued, outstanding and held by the Transferor, the aggregate Redemption Amount for such Investment shares will be reduced by the amount of the deficiency provided the Redemption Amount will not be less than the par value of the Investment shares. The Redemption Amount so adjusted will be deemed retroactively to the issue date to have been the Redemption Amount for those investment shares;

(b) If clause (a) does not apply or if the reduction made pursuant to clause (a) is less than the total deficiency, the Redemption Amount of other investment shares held by the Transferor at the date of adjustment will be reduced, in the aggregate, by an amount equal to the balance of the deficiency provided the Redemption Amount will not be less than the par value of the investment shares. The Redemption Amount of each share so adjusted will be deemed retroactively to have been its Redemption Amount when it was issued; and

(c) If the aggregate reduction made pursuant to clauses (a) and (b) is less than the total deficiency, the transferor will make a contribution of capital to the Association equal to the balance of the deficiency.

Redemption Amount Adjusted Up

168 If it is determined under rule 166 that the Value is greater than the aggregate Redemption Amount for the investment shares in question, the following adjustments will forthwith be made to account for that excess:

(a) If, at the date of adjustment, any of those investment shares remain issued, outstanding and held by the transferor, the aggregate Redemption Amount for such investment shares will be increased by the amount of the excess and the Redemption Amount so adjusted will be deemed retroactively to the issue date to have been the Redemption Amount for those investment shares;

(b) If clause (a) does not apply, the Redemption Amount for all other investment shares held by the transferor at the date of adjustment will be increased, in the aggregate, by an amount equal to the excess. The Redemption Amount of each share so adjusted will be deemed retroactively to have been its Redemption Amount when it was issued; and

(c) If no investment shares are held by the Transferor at the date of adjustment, the Association will allot and issue to him or her Investment shares having an aggregate Redemption Amount equal to the amount of the excess.

Retraction

169 The investment shares of the Association are retractable. A holder of investment shares may, at any time after the date of issue thereof, require that the Association to redeem the whole or any part of the investment shares held by him and he shall be entitled to payment by the Association of the Redemption Amount for such investment shares. The following provisions shall apply to such redemption:

(a) The shareholder desiring to have the Association so redeem shall give to the Association notice in writing of his desire to exercise such right of redemption. Such notice shall specify the number of shares he desires to have the Association redeem;

(b) Provided such redemption is not contrary to the Act, the Association shall, within 30 days of the receipt of such notice, either make available the Redemption Amount and shall notify the Shareholder in writing of the availability of such funds, or, alternatively, shall provide to the Shareholder a schedule of deferred payments for all or the unpaid portion of the Redemption Amount over a period not to exceed

3 years together with interest thereon at the prime rate of the Association's bank plus 2% per annum. The Association shall further provide to the Shareholder a promissory note in respect of any portion of the Redemption Amount so deferred;

(c) Upon receipt of confirmation of availability of funds, or upon confirmation of the availability of the payment schedule and promissory note hereinabove referred to, the Shareholder shall surrender to the Association the share certificate or certificates respecting the shares to be redeemed and the Association shall thereupon pay to the Shareholder the Redemption Amount for each such share, or shall provide to the Shareholder the payment schedule and promissory note hereinabove referred to.

Liquidation, Dissolution, Winding Up

170 In the event of the liquidation, dissolution or the winding up of the Association, whether voluntary or involuntary, or other distribution of its assets among the members and shareholders for the purpose of winding up its affairs or upon a reduction or return of its capital, the holders of the investment shares shall be entitled to receive the Redemption Amount only.

Rules relating to general meetings apply

171 Subject to the Act and these Rules, the Rules relating to general meetings apply, with the necessary changes and so far as they are applicable, to a meeting of investment shareholders and a meeting of investment shareholders holding shares of a particular class of investment shares.

Notice of meeting of investment shareholders

172 Notice of a meeting of investment shareholders, or of investment shareholders of a particular class of investment shares, must be given in accordance with the Act or in a manner permitted in Part 22 of these Rules.

Voting rights and restrictions

173 The right of an investment shareholder at vote at a meeting of investment shareholders or of investment shareholders of a particular class of investment shares, and the restrictions on those rights, are governed by the Act.

Votes of persons in representative capacity

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

Representative of eligible organization

175 (1) If an eligible organization provides evidence that complies with Rule 71 of the appointment of an individual to represent it at a meeting of investment shareholders or of investment shareholders of a particular class a shares,

(a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the eligible organization as that eligible organization were an investment shareholder of the Association present, and,

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

(2) The evidence of appointment required by rule 72 with respect to a representative of an eligible organization may be provided by written instrument, facsimile transmission, telegram, telex or any method of electronic transmission.

Requirements of appointment representative

176 An instrument appointing a representative of an investment shareholder who is an eligible organization, must

(a) be in writing,

(b) identify the eligible organization and the individual appointed as the representative of the eligible organization,

(c) identify the meeting for which the representative is appointed,

(d) be signed by a duly authorized director, officer or attorney of the eligible organization, and

(e) include the date of the signature referred to in paragraph (d) shareholder may vote by proxy at a meeting of investment shareholders or of investment shareholders of a particular class of investment shares and the proxy may be any person appointed by the investment shareholder.

Production of evidence of authority to vote

177 The chair of any meeting of investment shareholders or of investment shareholders of a particular class of investment shares 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 of his or her authority to vote.