



Rules of the Slocan Integral Forestry Cooperative

Part 1 – INTERPRETATION

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**” or “**Cooperative**” means the “Slocan Integral Forestry Cooperative”.

“**board**” or “**the directors**” mean the directors of the Cooperative for the time being;

“**ecosystem**” means a community of all plants, animals and humans and their physical environment, functioning together as an interdependent unit.

“**integral forestry**” means and includes:

1. Forest practices that first determine the ecological limits to human uses of a specified land area, and then, given these limits apply management strategies that will maintain a fully functioning ecosystem over time; and,
2. Management strategies that consider humans as part of the ecosystem and that aim to improve social conditions such as local employment levels, community stability, local economic opportunities and respect and understanding among residents; and
3. A board of directors and a membership that hold together the following understandings:
 - a) residents hold diverse perspectives and value systems in relation to the forest that surrounds them,
 - b) these perspectives and value systems are guided and influenced by a mix of social, economic, scientific, spiritual, psychological, cultural, political, historical and institutional lenses.
 - c) each of these perspectives is valuable and pertinent and must therefore be considered into solutions that will work for all.
 - d) by including and building upon these perspectives solutions found will be more complete and viable in considering how the community and the forest can interface.

“**member**” means a member of the Cooperative and includes member organizations.

“**policies**” means reasonable policies of uniform application as determined by the directors from time to time.

“**reconvened meeting**” means the meeting to which a previous meeting has been adjourned.

“**regulation**” means the regulation under the *Cooperative Association Act* as made and amended from time to time.

“**resident**” means a person who has a principal place of residence or who is a registered owner of land between Lebhado Rd. to the south, and the southern boundary of the Village of Silverton to the North, and East of the Slocan River or Slocan Lake, in the Slocan Valley, for a minimum of six months prior to the date of their application for membership in the Cooperative, and who intends to remain a resident/land owner of this region.

“**Rules**” means the Rules of the Cooperative as adopted by the members, and all amendments, additions, deletions or replacements from time to time in force and in effect.

“surplus funds” means net profit of the Cooperative in a given fiscal year, after ongoing reforestation costs, and operational working capital and projected expenditures of the next 5 years, have been budgeted for.

2. Subject to Rule 1, the words and expressions defined in the Act, as amended from time to time, apply to the Cooperative and to these Rules, and to policies of the Cooperative.
3. Words in the singular form include the plural and vice-versa and words importing a specific gender include the other gender and member organizations.
4. If there is a conflict or inconsistency between the Act and these Rules, the Act governs.

Part 2 – MEMBERSHIP

5. Any resident 19 years old and over and/or a member organization (subject to Rule 6) may be admitted to membership provided that they are prepared to endorse the purposes as described in the Memorandum of Association, and further provided that the application shall be made in writing to the directors, who may accept, refuse or postpone it.
6. Subject to Rule 5 no organization may become a member of the Cooperative except for the four following registered non-profit organizations: the Elliot-Anderson-Christian-Trozzo Watersheds Association, the Red Mountain Residents Association, the Slocan-Lemon Residents Association, and the Winlaw Watershed Committee, provided that each organization is legally incorporated in accordance with the Society Act R.S.B.C. 1996, c. 433 and amendments thereto.
7. Each member whether a resident or an organization must, as a condition of membership, subscribe to one membership share.
8. Membership is effective on the day that the application for membership is accepted under Rule 5.
9. Any member may withdraw from membership in the Association at any time by notifying the directors in writing.
10. Membership of an individual is deemed to be terminated when that member is no longer a resident, dies, becomes mentally incapable of managing their own affairs, or makes an assignment for the benefit of creditors.
11. The membership of a member ceases on the date the directors receive the request for withdrawal, or notification of change in resident status, death, mental incapacity to manage their own affairs, or an assignment for the benefit of creditors.
12. Membership of a member organization is terminated upon notice to the Cooperative of the bankruptcy, liquidation or dissolution of that member organization or when that organization by resolution, withdraws from membership.

13. The Cooperative may terminate the membership of a member in accordance with the Act if
 - (1) the member has engaged in conduct detrimental to the Cooperative,
 - (2) the member has not paid money due by the member to the Cooperative within a reasonable time after receiving written notice to do so from the Cooperative,
 - (3) in the opinion of the directors, based on reasonable grounds, the member
 - (a) has breached a material condition of an agreement with the cooperative, and
 - (b) has not rectified the breach within a reasonable time after receiving written notice to do so from the Cooperative.
14. A person, whose membership in the Cooperative is terminated for a reason set out in Rule 13 (1) to (3), has the right of appeal, as is governed by the Act.
15. (1) When a member withdraws from membership or a membership is terminated or ceases for any reason, all rights and privileges attached to membership cease except the right to require the Cooperative to redeem that member's share.
 - (2) The cessation of membership does not release the former member from any debt or obligation owed to the cooperative unless the instrument of debt or obligation states otherwise.

Part 3 – SHARES

16. The authorized share structure of the Association is set out in the memorandum.
17. All shares shall be paid for in full, in cash, prior to the issuance of a share certificate for that share, by the Cooperative.
18. Membership shares are non-transferrable, but the directors may redeem the shares of that member by paying to that person or any other party entitled, the amount paid up on the shares.
19. Subject to the Act and these Rules, if a member withdraws or is expelled from membership, the Association shall redeem the share of the former member within three months from the effective date of the withdrawal.
20. Where a proposed redemption of share, or repayment of a loan would impair the financial position of the Cooperative, the directors may suspend the redemption, refund, or repayment, provided that the directors shall not suspend a redemption, refund, or repayment for longer than one year unless the suspension is approved by special resolution.
21. If a share has not been redeemed within one year of the effective date of withdrawal or expulsion, the Cooperative may cancel that share.
22. The Cooperative shall have a lien on a member's share for any debt due to the Cooperative by that member.

Part 4 - REGISTER OF MEMBERS

23. In accordance with the Act, the Cooperative shall establish and maintain a register of members.

Part 5 – GENERAL MEETINGS OF THE COOPERATIVE

24. The Cooperative shall hold annual general meetings as provided by the Act.

25. At each annual general meeting the following business shall be considered:

- (1) report of the directors;
- (2) financial statements;
- (3) auditor's report, if applicable;
- (4) election and notification of appointment of directors;
- (5) appointment or waiver of appointment of auditor.

26. The order of business at annual general meetings, to the extent appropriate in the circumstances, shall be as follows:

- (1) meeting to be called to order;
- (2) minutes of preceding general meeting to be read and adopted or amended and adopted as required;
- (3) business arising out of minutes to be considered;
- (4) reports of standing committees to be read;
- (5) special business to be considered;
- (6) unfinished business to be considered;
- (7) new business to be considered.

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

(2) The requisitioning of a special general meeting by the members shall be in accordance with the Act and these Rules.

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

28. General meetings shall be held in the Slokan Valley, British Columbia.

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

(2) The record date for any general meeting is the 30th day before the date of any meeting of members.

30. Notice of general meetings shall be given to members and to the auditor of the Cooperative, if any, at least fourteen days prior to the meeting date, and shall specify the place, the day, and hour of the meeting.

31. A copy of the financial statement that is to be placed before an annual general meeting shall be made available to the members at least ten days before the date set for the meeting.

32. If special business is to be considered at a general meeting, the notice of the meeting under Rule 30 shall state the nature of the special business in sufficient detail to permit a member to form a reasoned judgment concerning the business.
33. (1) If a special resolution is to be proposed at a general meeting, the notice under Rule 30 of the meeting shall include:
- i. the full text of the special resolution, or,
 - ii. if the full text of the special resolution is too lengthy for convenient inclusion in the notice, a summary of the text in sufficient detail to permit a member to form a reasoned judgment concerning the special resolution.
- (2) If a notice under Rule 30 contains a summary of the text of a special resolution as provided in sub rule (1) (ii), the notice shall also state the place where the full text of that special resolution can be read or copied.
34. If a general meeting is adjourned for fewer than thirty days, it is not necessary to give notice of the reconvened 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 thirty days or more, notice of the reconvened meeting shall be given in the same manner as for the original meeting.
35. The accidental omission to give notice of any general meeting to, or non-receipt of any notice by, a member or other person entitled to receive notice does not invalidate any proceedings at the meeting.
36. The quorum for the transaction of business at a general meeting is 25% of the members described in Rule 29, or 15 such members, whichever is lesser.
37. No business, other than the election of a chair for the meeting and the adjournment of the meeting, may be transacted at any general meeting unless a quorum is present at the commencement of the meeting.
38. (1) If, within one hour from the time appointed for a general meeting, a quorum is not present, the meeting,
- i. if convened by requisition of members, shall be dissolved, and
 - ii. in any other case, stands adjourned to the same day in the next week at the same time and place, unless the place of meeting is changed out of necessity.
- (2) If at a reconvened meeting referred to in sub rule (1) a quorum is not present within thirty minutes from the time appointed, the members present in person or represented by proxy are deemed to constitute a quorum.
39. Subject to Rule 38, the president or, in the absence of the president, the vice-president of the Cooperative shall preside as chair at every general meeting.
40. If there is no chair present within thirty minutes after the time appointed for holding the meeting the members present at a general meeting shall elect a member to chair the meeting.

41. The chair of a general meeting may, and if so directed by the members shall, adjourn the meeting from time to time and from place to place, but no business may be transacted at any reconvened meeting other than the business left unfinished at the meeting from which the adjournment took place.
42. The directors at a general meeting shall appoint a recording secretary for the meeting.
43. The recording secretary shall record the minutes of all resolutions and proceedings at a general meeting in books provided by the directors for that purpose.
44. The only persons entitled to be present at a general meeting are those entitled to vote at that meeting, the auditor of the Cooperative, if any, persons invited by the Board, and others who are entitled or required under any provision of the Act or these Rules to be present.
45. A person who is not entitled to be present at a general meeting under Rule 44 may be admitted to a meeting only on the invitation of the chair or with the consent of members at the meeting.
46. The Cooperative may permit members to participate in general meetings and vote by telephone or other communications mediums in accordance with the Act.

Part 6 – VOTING AT GENERAL MEETINGS

47. At a general meeting, every motion shall be determined as described in Rule 48 unless otherwise required by the Act or these Rules.
48. All meetings of the Cooperative shall attempt to reach consensus on the issues and the motions that come before them, but in default the chair shall adjourn the meeting for a period of up to twenty minutes before proceeding to a vote. Issues and motions shall then be decided by a 60% majority of votes, except where the Act or these Rules require a larger number.
49. In case of a equality of vote,
 - a. The chair of a general meeting is not entitled to a second or casting vote, and
 - b. The motion is lost.
50. Unless otherwise provided in these Rules or the Act, every motion for a resolution put to a vote at a general meeting is to be decided on a show of hands unless
 - (1) Before or promptly on the declaration of the result of the vote by a show of hands, a vote by ballot is directed by the chair or demanded by at least 25% of members who are present and entitled to vote, and
 - (2) One or more member will vote at the meeting by telephone or other communication medium, in which event the voting shall be conducted in any manner that adequately discloses the intentions of the/these members.
51. (1) Members who are present and entitled to vote at a general meeting may demand that a vote by ballot be taken on any matter under consideration at that meeting either before or

promptly after the vote show of hands is taken if at least 25% of members present who are entitled to vote support that such a vote by ballot be taken.

- (2) Subject to Rule 53, a vote by ballot shall be taken in the manner and at the time, either at a general meeting or within seven days after the date of the meeting, and at the place that the chair of the meeting directs.
 - (3) The result of the vote by ballot is deemed to be a resolution of the Cooperative at which the vote by ballot is demanded.
 - (4) The person(s) who demanded a vote by ballot may withdraw the demand before the vote by ballot is taken.
52. The chair must determine any dispute as to the admission or rejection of a vote given on a ballot, and the chair's determination, made in good faith, is final and conclusive.
53. A vote by ballot demanded on a motion for adjournment shall be taken immediately at the meeting.
54. A demand for a vote by ballot does not prevent the continuation of a general meeting for the transaction of any business other than the motion on which the vote by ballot has been demanded unless the chair orders otherwise.
55. The chair shall declare to the general meeting the decision on every motion in accordance with the results of the show of hands or the vote by ballot, and that decision shall be entered in the minutes of the meeting.
56. Unless a vote by ballot is required or demanded, a declaration by the chair that a motion has been carried, carried unanimously, or by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the minutes of the general meeting is proof, in the absence of evidence to the contrary, of the fact without proof of the number or proportion of the votes recorded in favor or against that motion.

Part 7 – VOTING RIGHTS OF MEMBERS

57. The right of a member to vote at a general meeting and the restriction of those rights are governed by the Act.
58. The voting right of each member organization at a general meeting will be held or exercised by one of the directors of the Cooperative that was appointed by that member organization to sit on the Board of Directors.
59. In accordance with the Act and these Rules, a member may vote by proxy at a general meeting if the member's residence as determined from the register of members of the Cooperative is more than 80km from the place of the meeting.
60. A proxy shall
- (1) Be in writing,
 - (2) Identify the appointing member,

- (3) Identify the meeting in respect of which the proxy is given,
- (4) Be signed by the appointing member,
- (5) Include the date of the signature referred to in sub rule (4).

61. An instrument appointing a proxy may be in the following form or in any other form approved by the directors:

I, _____, of _____, a member of the Slocan Integral Forestry Cooperative hereby appoint _____ as my proxy to vote for me and on my behalf at the general meeting to be held on _____ (date) and any adjournment of that meeting, and the person I am appointing is a member of the Cooperative.

Signature _____ Date _____

62. A proxy along with the original or a copy, certified by a notary public, if any, under which the proxy is signed, shall be deposited at the registered office of the Cooperative or at any other place specified for the purpose in the notice calling the meeting at least 48 hours, excluding Saturdays and holidays, before the time for holding the meeting in respect of which the person named in the proxy is appointed.
63. A vote given in accordance with the terms of the 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 is given, unless notice in writing of that death, incapacity or revocation is received at the registered office of the Cooperative, or by the chair of the meeting or reconvened meeting for which the proxy was given, before the vote is taken.
64. A proxy may be revoked in any manner provided by law including by an instrument in writing that is
- a. signed by the member giving the proxy or by their agent authorized in writing or, if the member is an eligible organization, by a duly authorized director, officer or attorney for the organization, and
 - b. delivered to
 - (a) the registered office of the Cooperative 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
 - (b) 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.
65. 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 8 – DIRECTORS

66. The directors shall manage the Cooperative in accordance with the responsibilities, duties and power set out in the Act, the Regulations, the Memorandum of Association and these Rules.
67. (1) The Cooperative shall have,
i. at least 5 directors and
ii. not more than 9 directors.
(2) The number of directors will be set by the board preceding each Annual General Meeting and subject to Rule 67(1).
68. One or two of the directors of the Cooperative shall be a duly elected director of the Elliot-Anderson-Christian-Trozzo Watersheds Association in accordance with the Society Act R.S.B.C. 1996, c. 433 as amended from time to time, appointed to the Cooperative's board in accordance with Rules 80, 81 and 82 of these Rules. The appointment of either one or two directors shall be determined at the discretion of the above mentioned organization.
69. One or two of the directors of the Cooperative shall be a duly elected director of the Red Mountain Residents Association in accordance with the Society Act R.S.B.C. 1996, c. 433 as amended from time to time, appointed to the Cooperative's board in accordance with Rules 80, 81 and 82 of these Rules. The appointment of either one or two directors shall be determined at the discretion of the above mentioned organization.
70. One or two of the directors of the Cooperative shall be a duly elected director of the Slocan-Lemon Residents Association in accordance with the Society Act R.S.B.C. 1996, c. 433 as amended from time to time, appointed to the Cooperative's board in accordance with Rules 80, 81 and 82 of these Rules. The appointment of either one or two directors shall be determined at the discretion of the above mentioned organization.
71. One or two of the directors of the Cooperative shall be a duly elected director of the Winlaw Watershed Committee in accordance with the Society Act R.S.B.C. 1996, c. 433 as amended from time to time, appointed to the Cooperative's board in accordance with Rules 80, 81 and 82 of these Rules. The appointment of either one or two directors shall be determined at the discretion of the above mentioned organization.
72. Only members who are 19 years of age or older shall be entitled to stand for election or be appointed to the board of directors of the Cooperative.

Part 9 – ELECTION, APPOINTMENT AND REMOVAL OF DIRECTORS

73. The appointment and/or election of directors shall be held at each annual general meeting to replace those directors whose terms of office have expired or will expire at the end of the meeting in accordance with Rule 74.
74. Directors shall be elected or appointed for two-year terms. Half the directors shall be elected or appointed at each Annual General Meeting.

75. Subject to Rule 83, at least one of the directors sitting on the board of the Cooperative will be an elected representative of the membership at large.
76. A member may nominate a candidate for director either before or at an annual general meeting at which a director is to be elected.
77. If the number of nominees in an election for directors exceeds the number of directors to be elected at the election, the election of directors shall be by secret ballot.
78. If the number of candidates nominated for director is equal to the number of directors to be elected, those nominated candidates are to be declared elected and no ballot is required.
79. In an election of directors, the chair shall declare elected those candidates who receive the highest number of valid votes up to the number of directors to be elected at that election.
80. An instrument appointing a director of an eligible organization according to Rule 68, 69, 70 and 71, must
- i. be in writing,
 - ii. identify the eligible organization member and individual appointed as the director of the eligible organization member,
 - iii. identify the annual general meeting in respect of which the director is to be appointed,
 - iv. be signed by a duly authorized director, officer or attorney of the eligible organization member, and
 - v. include the date of the signature referred to in paragraph (d).
81. An instrument appointing a director may be in the following form or in any other form approved by the directors of the cooperative:
- We, the directors of (name of organization), an eligible organization member of the Slocan Integral Forestry Cooperative hereby appoint _____ as director of the Slocan Integral Forestry Cooperative for a term of two years starting at the general meeting of the Cooperative to be held on _____ (date) and the person we are appointing is already a member in good standing of the Cooperative.*
- Signature _____ Title _____ Date _____*
82. For the election or appointment of a director to be valid, consent of the candidate so elected or appointed shall be provided in accordance with the Act.
83. The Directors may fill any mid-term vacancy which occurs on the Board of Directors by reason of resignation or otherwise, by appointing another individual, providing that the replacement Director is a member in good standing of the Cooperative. Where the vacancy is of a director appointed by a member organization, that organization shall have the right to reappoint a director to fill the vacancy. The term of the office of a director appointed under

this Rule is the un-expired portion of the term of office of the director whose departure from office created the vacancy.

84. A person whose term as director is ending is eligible for re-election or re-appointment.
85. The office of director shall be vacated if
 - a. The director ceases to be a member, or
 - b. The director is absent from three consecutive regular meeting of the directors without the consent of other directors, or
 - c. A member organization notifies the Cooperative of the dismissal of one of their representative director(s).
86. A director shall not be required to vacate his directorship by reason of having entered into a contract, directly or indirectly, with, or done any work for the Cooperative. Any such director shall disclose the fact of involvement to all other and shall not vote with respect to the contract or work, his vote shall not be counted. A director shall have the right at all times to contract with and/or work for the Cooperative.
87. Subject to Rule 82, the Cooperative may by special resolution remove any director before the expiration of his term of office.

Part 10 – MEETINGS OF DIRECTORS

88. Subject to the Act and these Rules, the directors may meet together to discuss business, adjourn, and otherwise regulate their meetings as they consider appropriate.
89. Meetings of the board shall be held in the Slocan Valley, British Columbia area, at such place and time as the board may decide. The President of the Cooperative on his own initiative, or at the request of any director may convene the board on no less than 5 days notice or sooner if all directors consent.
90. Any director may call an emergency meeting of the directors at any time with a minimum of 24 hours notice. For the purpose of this Rule an “emergency” is defined as follows: an unforeseeable, unexpected event that could jeopardize the future or viability of the Cooperative and that requires an immediate board decision.
91. The quorum necessary for the transaction of business shall be at least 50% of the directors of the Cooperative.
92. Decisions at any meeting of the directors will be determined by first attempting to reach consensus but in default, the directors shall adjourn the meeting for a period of up to twenty minutes, after which the decision may be made by a majority of votes, unless the Act or these Rules require otherwise.
93. Minutes of the meetings of the directors shall be kept in accordance with the Act.

94. A resolution of the directors may be passed without a meeting in accordance with the Act and these Rules.
95. A resolution signed by all directors shall have the same force and effect as if passed at the duly constituted meeting of the directors.
96. A resolution referred to in Rule 94 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.
97. For the purposes of a resolution referred to in Rule 95, written consent may be provided by electronic mail, telegram, telex, facsimile transmission or any other method of transmitting legibly recorded messages.
98. A director may participate in a meeting of the directors or of any committee of the directors by means of telephone or other communications medium in accordance with the Act.

Part 11 - COMMITTEES

99. (1) The board may, by resolution, appoint one or more committees to exercise the power delegated to them as authorized by the Act. At least one director will sit on any such committee.
(2) Any committee so formed, in the exercise of the powers delegated to it, shall
 - i. conform to any terms of reference that may from time to time be imposed on it by the directors and
 - ii. 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.
100. The board may vary, add to, or limit the terms of reference of any committee.
101. The members of a committee may meet and adjourn, as they consider appropriate.
102. Unless the board determines otherwise, each committee shall fix its quorum at not less than a majority of the committee members.
103. If there is a vacancy on a committee, the remaining committee members may exercise all the powers of the committee as long as a quorum of the committee remains.
104. A committee may elect a chair for its meetings but, if no chair is elected, or if at any meeting the chair is not present within fifteen minutes after the time appointed for holding the meeting, the members present who are members of the committee may, by resolution, choose one of their number to chair the meeting.
105. Decisions at any meeting of a committee will be made by attempting to reach consensus, but in default, the committee shall adjourn the meeting for a period of up to twenty minutes, after which the decision may be made by a majority of votes of the members present.

106. A committee appointed by the directors shall keep minutes of its meetings.

Part 12 - OFFICERS

107. The board shall appoint, by resolution, a President and a Vice-President of the Cooperative from among the directors.

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

(2) The officers appointed under sub rule (1) may be directors.

(3) The same individual may hold two or more offices in the Cooperative.

109. 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.

110. (1) The board shall determine the term of office and remuneration, if any, for any officer it appoints.

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

Part 13 – CONFLICT OF INTEREST RULES FOR DIRECTORS AND OFFICERS

111. The directors and officers of the Cooperative are governed by the disclosure and conflict of interest provisions set out in the Act.

Part 14 – INDEMFICATION OF DIRECTORS AND OFFICERS

112. The Cooperative shall indemnify the directors and officers from any claims arising from the exercise of their functions, in accordance with the Act.

Part 15 - FINANCES

113. The directors may raise or borrow or secure the payment of money for the purposes of the Cooperative, but no debentures shall be issued nor shall the amount at any one time owing in respect of money raised, borrowed, or secured exceed the amount of capital subscribed for, without the sanction of a special resolution

114. Subject to any limitation adopted in these Rules, or set out in the Act, the directors may invest the funds of the Cooperative in the manner they consider appropriate.

115. (1) The directors shall not invest any of the funds of the Cooperative over thirty-five thousand dollars (\$35,000) at any one time without the prior approval by special resolution of the members or unless the money is to be invested in a security or class of securities in which trustees are permitted to invest funds under the *Trustee Act*.

- (2) The Cooperative shall not provide loans on the security of its shares.
116. Subject to and in accordance with the Act, the directors must appoint the first auditor and the Cooperative shall appoint subsequent auditors, if any.
117. The directors shall cause financial accounts to be kept in accordance with the Act and any Regulations thereto.
118. The financial year of the Cooperative ends on such date as the Directors decide.
119. Subject to Rule 115(1), the directors shall not reinvest more than 50% of surplus funds of the Cooperative towards diversifying its business, expanding its operations and/or choose to make other investments limited to those allowed under the *Trustee Act*.
120. The directors shall apply surplus funds arising from the operation of the Cooperative in a financial year that are not reinvested as laid out in Rule 119 as follows:
- i. first, to the reserve required by Rule 121;
 - ii. next, to retire all or a portion of any deficit previously incurred by the Cooperative, as the directors determine is appropriate;
 - iii. third, to enhance and preserve the Slocan Valley forest lands and for the general benefit of the Slocan Valley Community as laid out in Rule 122.
121. The directors must set aside as reserves for meeting contingencies, between 25% and 50% of the surplus funds arising from the operations of the Cooperative in each financial year up to a accumulated total of one hundred and twenty-five thousand dollars (\$125,000) after which the set aside sum for the reserve shall be at the discretion of the directors with the maximum being 25% of the surplus funds arising from the operations of the Cooperative in each financial year.
122. In accordance with Rule 119, 120 and 121 the directors shall make available the balance of surplus funds arising from the operation of the Cooperative as follows:
- i. At least 30% and to a maximum of 70% will go toward ecosystem restoration (inherited disturbances), ecosystem studies, water distribution works and fire prevention works within the Slocan Valley.
 - ii. At least 30% and to a maximum of 70% will go toward community infrastructure, community projects and economic diversification that will benefit the Slocan Valley Community.
123. The Cooperative shall not pay patronage returns or dividends.

Part 16 – DISPUTE RESOLUTION

124. Any dispute between members, or between a member and any person aggrieved who has, for not more than six months, ceased to be a member, arising out of the affairs of the Cooperative, shall first be discussed between the disputants themselves in the presence of a mutually agreed upon mediator who shall attempt to help the parties resolve the dispute in a

manner acceptable to them both. In the event that such disputes are not satisfactorily resolved through mediation they shall be submitted to an arbitration process to be determined by the Board.

125. Parties to any dispute must bear their own costs, if any.

Part 17 - NOTICES

126. Unless otherwise specified in the Act or these Rules, any notice required to be given by the Cooperative to a director, member or any other person shall be in writing and is sufficient given it is

- (1) Delivered personally,
- (2) Delivered to the person's last known address, as recorded in the Cooperative's register of members or other record of the Cooperative.
- (3) Mailed by prepaid mail to the person's last known address, as recorded in the Cooperative's register of members or other record of the Cooperative.
- (4) Sent to the person by facsimile transmission to a telephone number provided for that purpose, or,

127. Unless otherwise specified in the Act or these Rules, any notice required to be given to the Cooperative shall be in writing and is sufficiently given if it is

- (1) Delivered to registered office of the Cooperative,
- (2) Mailed to the registered office of the Cooperative by prepaid mail,
- (3) Sent by facsimile transmission to a telephone number provided for that purpose, or
- (4) Otherwise served in accordance with the Act.

128. (1) A notice given in accordance with Rules 126 (2) or 127 (1) is deemed received when it is delivered.

(2) A notice given in accordance with Rules 126 (3) or 127 (2) is deemed received on the second day, not including Saturday and holidays, after the date of mailing.

(3) A notice given in accordance with Rules 126 (4) or 127 (3) is deemed received at the time the notice is sent by facsimile.

129. In computing the date when the notice shall be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving notice shall be excluded and the date of the meeting or other event shall be included.

130. If a mailed notice is returned on two consecutive occasions because the intended recipient cannot be found, the Cooperative is not required to give any further notices to that intended recipient until the intended recipient informs the Cooperative in writing of their new address.

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

Part 18 – CORPORATE SEAL AND EXECUTION OF INSTRUMENTS

132. The directors may provide a seal for the Cooperative.
133. The directors must provide for the safe custody of the seal, which shall be stored at the registered office of the Cooperative.
134. The seal shall not be impressed on any document unless that impression is attested by the signature or signatures of one or more directors, officers or other persons as specifically authorized by resolution of the directors for that purpose.

Part 19 - RECORDS

135. Retention of, and entitlement and access to, records of the Cooperative are governed by the Act.

Part 20 – ALTERATION OF MEMORANDUM OR RULES

136. Amendments to the memorandum and Rules of the Cooperative shall be in accordance with the Act and these Rules.