

# COOPERATIVE ASSOCIATION ACT

## Rules of Aromatic Farm 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;

“**reconvened meeting**” means the meeting to which a meeting is adjourned;

“**Association**” or “**Cooperative**” means Aromatic Farm Cooperative

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

“**member**” means a member of the Association;

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

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

“**Rules**” means these Rules and all amendments, additions, deletions or replacements from time to time in force and effect; and words in the singular form include the plural and vice versa.

2. If there is a conflict or inconsistency between the Act and the Rules, the Act governs.

3. Words in the singular form include the plural and vice versa; words importing a specific gender include the other gender; and words importing a person include eligible organizations.

### PART 2 – MEMBERSHIP

4. Membership in the Association is open in a non-discriminatory manner to individuals and eligible organizations who can use the services of the Association and are willing and able to accept the responsibility of membership.

5. There will be four classes of membership in the Association:

a) Supporter Members: Membership in the Association is open in a non-discriminatory manner to individuals and eligible organizations that support the vision of the Association and are willing and able to accept the responsibilities of membership;

b) Eco-Business Members: Those businesses that are committed to practices that do not harm the environment and those who market locally produced organic products;

c) Producer Members: Growers and wildcrafters who abide by IOPA, Islands Organic Producers Association guidelines and COABC, Certified Organic Associations of British Columbia standards;

d) Distiller Members: Distillers of wild crafted and organic oils and hydrosols

6. An individual or eligible organization who 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 required number of membership shares.

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

8. As a condition of membership, each Professional member must purchase one Membership Share; each Eco-Business member must purchase five Membership Shares; each Producer member must purchase ten Membership Shares; and each Distiller member must purchase eleven Membership Shares.

9. The directors may approve or refuse an application for membership and may postpone consideration of an application for membership, according to current policies.

10. Membership is effective on the day that the application for membership is approved under Rule 9.

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11. A member may withdraw from membership in the Association by giving written notice to the directors of the member's intention to withdraw. Such notice will be effective on the date it is received by the board.
12. 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, 16 and 23 apply with the necessary changes, so far as applicable.
13. 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, 16 and 23 apply with the necessary changes, so far as applicable.
14. 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, or
  - (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.
15. A person whose membership in the Association is terminated for a reason set out in Rules 14(a) to (c) has the right of appeal as governed by the Act.
16. (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 Association to redeem 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**

17. The authorised share structure of the Association is set out in the memorandum.
18. Subject to Rule 8, every member of the Association shall be required to purchase one Membership Share and may purchase up to eleven Membership Shares.
19. No member shall receive any dividend or interest on a membership share.
20. Membership shares are not transferable and shall not be held jointly, but shall be redeemed by the Association.

### **PART 4 – REDEMPTION OF SHARES**

21. Subject to the Act and these Rules, the Association may, by a resolution of the directors, redeem any of its Membership Shares at the price and on the terms specified by the resolution.
22. Subject to the Act, if a member withdraws from membership, the period within which the Association must redeem the shares of the former member is one hundred and twenty (120) days from the effective date of the withdrawal.
23. If the Association terminates the membership of a member under Rule 13, the Association must redeem the shares of the member within one hundred and twenty (120) days.

### **PART 5 – REGISTER OF MEMBERS**

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

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### **PART 6- GENERAL MEETINGS OF THE ASSOCIATION**

25. The first annual general meeting of the Association shall be held in the third month from the date of incorporation at a time and place as the directors determine.
26. The Association will hold future annual general meetings within four months of each fiscal year-end. At the commencement of each annual general meeting, each member will be given:
  - a) minutes of the last annual general meeting, and
  - b) financial statements for the year.
27. (1) Unless otherwise required by the Act, the directors shall call a special general meeting on a written requisition signed by not less than 20% of the members.
  - (2) The requisition shall set forth the object of the meeting and shall be deposited at the registered office and distributed to all members.
  - (3) If the Board of Directors has not called the requisitioned meeting within seven (7) days, the requisitionists may themselves convene a meeting and shall be entitled to be reimbursed by the cooperative for all reasonable costs actually incurred in so doing.
28. Every member shall be given fourteen (14) days notice of every annual general meeting and every special meeting, specifying the place, the day and the hour of meeting, and in the case of special business, the general nature of the business, but this Rule shall not apply in the case of an adjourned meeting for which notice shall not be required to be given.
29. No business shall be transacted at any general meeting unless a quorum of at least 25% of members, but never less than three members, are present when the meeting proceeds to business.
30. If at the time appointed for a special meeting which has been requisitioned a quorum is not present, the meeting shall be dissolved.
31. At each annual general meeting the following business must be considered:
  - (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 to be considered;
  - (e) reports of standing and special committees to be read;
  - (f) financial statements to be placed before the meeting;
  - (g) reports of directors and auditors to be read;
  - (h) election of directors and appointment of auditors;
  - (i) special business to be considered;
  - (j) unfinished business to be considered;
  - (k) new business to be considered.
32. (1) Any business other than business listed in Rule 31 is special business.
  - (2) Special business must be approved by ordinary resolution of the members unless the Act or these Rules require otherwise.
33. The directors may determine the order of business at a special general meeting.
34. General meetings must be held at the time and place in British Columbia that the directors specify.
35. (1) The record date for any general meeting is the 30<sup>th</sup> day before the date of the meeting of members.
  - (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.

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36. Notice of general meetings must be given to members and to the auditor of the Association, if any, in accordance with the Act.
37. A copy of the financial statement that is to be placed before a general meeting must be provided to the members at least ten days before the date set for the meeting.
38. If special business is to be considered at a general meeting, the notice of the meeting under Rule 34 must state the nature of the special business in sufficient detail to permit a member to form a reasoned judgement concerning the business.
39. (1) If a special resolution is to be proposed at a general meeting, the notice under Rule 36 of that 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 judgement concerning the special resolution.(2) If a notice under Rule 36 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 read or copied.
40. If a general meeting is adjourned for fewer than 30 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 30 days or more, notice of the reconvened meeting must be given in the same manner as for the original meeting.
41. The notice and financial statement required to be provided to members under this Part must be given in a manner permitted in Part 17 of these Rules.
42. No business, other than the election of a chair and the adjournment of the meeting, may be transacted at any general meeting unless a quorum is present at the commencement of the meeting, and if at any time during the meeting there ceases to be a quorum present any business then in progress is suspended until there is a quorum present or until the meeting is adjourned or terminated as the case may be.
43. (1) If, within one hour from 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 place of meeting is changed out of necessity.(2) If at the reconvened meeting referred to in subrule (1) a quorum is not present within ½ hour from the time appointed, the members present in person or represented by proxy are deemed to constitute a quorum.
44. Subject to Rule 42, the president or, in the absence of the president, the vice-president of the Association must preside as chair at every general meeting.
45. If there is no chair present with 30 minutes after the time appointed for holding the meeting, the members present at a general meeting must elect a member to chair the meeting.
46. The chair of a general meeting may, and if so directed by the members must, 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.
47. The directors at a general meeting must appoint a member to act as secretary at the meeting.
48. The secretary must record the minutes of all resolutions and proceedings at a general meeting.

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49. The only persons 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.
50. A person who is not entitled to be present at a general meeting under Rule 49 may be admitted to a meeting only on the invitation of the chair or with the consent of the members at the meeting.
51. The Association may permit members to participate in general meetings and vote by telephone or other communications medium in accordance with the Act.

### **PART 7 – VOTING AT GENERAL MEETINGS**

52. Unless otherwise required by the Act or these Rules, decisions of the members and of the Board of Directors shall be made by majority vote.
53. Every member who is registered as the holder of a membership share is entitled to vote at every general meeting of the Association. A member that is an eligible organization may appoint someone to vote on its behalf. The appointment must be made in a form acceptable to the directors, and must be submitted to the directors at least fourteen days before the meeting at which it takes effect. A person so appointed shall have all the voting rights of the member appointing him or her.
54. A member who is entitled to vote at a meeting and whose residence is more than 250 kilometres from the location of the meeting may vote by proxy at a general meeting in accordance with the Act and these Rules.
54. A proxy must
  - (a) be in writing,
  - (b) identify the appointing shareholder and the proxy holder
  - (c) identify the meeting in respect of which the proxy is given or the meeting for which the representative is appointed,
  - (d) be signed by the appointing member or an attorney authorized in writing by the appointing member and
  - (e) include the date of the signature referred to in paragraph (d).
55. 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 Aromatic Farm Cooperative 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 \_\_\_\_\_ [ *month, day, year* ].

56. A proxy, along with the original or a copy, certified by a notary public, of the power of attorney or other authority, if any, under which the proxy is signed, must be deposited
  - (a) at the registered office of the Association 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 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.
57. 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 Association, or by the chair of the meeting or adjourned meeting for which the proxy was given, before the vote is taken.

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58. A proxy may be revoked in any manner provided by law including by an instrument in writing that is signed by the member giving the proxy or by their agent authorised in writing and
- (a) 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.
59. The chair of any meeting may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person evidence of their authority to vote.
60. 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.
61. 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
- (a) before or promptly on the declaration of the result of the vote by a show of hands, a poll is directed by the chair or demanded by at least one member who is present and entitled to vote, and
  - (b) one or more members vote at the meeting by telephone or other communications medium, in which event the voting must be by poll or conducted in any other manner that adequately discloses the intentions of the members.
62. The chair must determine any dispute as to the admission or rejection of a vote given on a poll, and the chair's determination, made in good faith, is final and conclusive.
63. A poll demanded on a motion for adjournment must be taken immediately at the meeting.
64. A demand for a poll does not prevent the continuation of a general meeting for the transaction of any business other than the motion on which the poll has been demanded unless the chair orders otherwise.
65. The chair must declare to the general meeting the decision on every motion in accordance with the result of the show of hands or the poll, and that decision must be entered in the minutes of the meeting.
66. Unless a poll 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.
67. Each ballot cast on a poll, and each proxy appointing a proxy holder who casts a ballot on a poll,
- (a) must be kept at the registered office of the Association for three months after the general meeting,
  - (b) during the period referred to in paragraph (a), must be open to inspection at the registered office of the Association during the Association's normal business hours by any member 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 8 – VOTING RIGHTS OF MEMBERS**

68. The right of a member to vote at a general meeting is governed by the Act.

### **PART 9 – DIRECTORS**

69. The directors must manage the Association in accordance with the responsibilities, duties and powers set out in the Act, the regulation, the memorandum and these Rules.
70. The number of members on the board shall be not less than three and not more than five, and may be increased or reduced in an annual general meeting, but the number shall never be less than three (3).

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71. The first directors shall consist of those persons who are the subscribers to the memorandum who shall hold office until the conclusion of the first general meeting and thereafter each member of the Board of Directors shall hold office until the conclusion of the annual general meeting at which the member's term of office expires.
72. At the first general meeting there shall be elected to the board three (3) or more members, half of whom shall be elected for two year terms, and half of whom shall be elected for one year terms and thereafter the positions for the Board of Directors shall be filled for a two-year term, except that a person elected to fill an unexpired term shall hold office only until the expiry of that term.
73. Subject to the Act, no director shall be liable to the Association or any of its members for monetary damages for breach of fiduciary duty as a director, except for liability arising from:
- any breach of the director's duty of loyalty to the Association; or
  - acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or
  - any transaction for which the director derives an improper personal benefit.
74. Subject to the Act, the Association may indemnify a director or former director, their heirs and personal representatives against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, incurred by them and to which they were made a party by reason of being or having been a director.
75. The directors shall cause minutes of the following to be kept:
- all appointments of officers made by them;
  - the names of those present at each meeting of the Board;
  - directors or any committee; and
  - all resolutions and proceedings at all meetings of the Association, the directors, or any committee.
76. Directors, in exercising their powers and performing their functions, shall act honestly and in good faith and in the best interests of the Association, and shall exercise the care, diligence and skill of reasonably prudent persons and shall to the extent consistent with their duties and responsibilities act in accordance with the Association's in-effect policies.
77. A resolution signed by all directors shall have the same force and effect as if passed at a meeting of the board.
78. The directors shall serve without remuneration, but the Association in an annual general meeting may determine the amount allowed to board members for expenses including lost wages or salary incurred while on business.
79. The president may, at any time the president deems necessary and shall on the written requisition of any three directors, convene a meeting of the board.
80. A quorum for a directors' meeting shall be a majority of the current directors.
81. All meetings of the directors shall be held in the Province of British Columbia.
82. The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they see fit.
83. At the discretion of the directors, board meetings may be open to all members.
84. Where the subject or business for consideration by the directors is of a personal nature or where confidentiality is otherwise deemed by the directors to be in the best interest of the Association or the member(s), the board may hold some meetings or parts of meetings in camera.

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### **PART 10 – ELECTION, APPOINTMENT AND REMOVAL OF DIRECTORS**

85. An election of directors must 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 71.
86. A member may nominate a candidate for director either before or at an annual general meeting at which a director is to be elected.
87. 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 must be by secret ballot unless otherwise determined by an ordinary resolution of the membership.
88. 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.
89. In an election of directors, the chair must declare elected the candidates who received the highest number of valid votes up to the number of directors to be elected.
90. If two or more candidates receive an equal number of votes for the last vacancy on the board and it is not practical to hold a run-off election at the meeting,
  - (a) the directors who have already been elected in the election, and
  - (b) the directors whose terms of office will not expire at the end of the meeting at which the election is held, must determine which of those candidates is to be elected.
91. For the election or appointment of a director to be valid, consent of the candidate must be provided in accordance with the Act.
92. Any casual vacancy and any vacancy on the board may be filled by the directors with the appointment being valid until the conclusion of the next annual general meeting, unless, if, as a result of a vacancy, there are not enough directors of the Association to constitute a quorum, the members may, by ordinary resolution or by an instrument in writing signed by a simple majority of members, appoint a qualified individual as director solely for the purpose of calling a special general meeting to fill the vacancies on the board.
93. A person whose term as director is ending is eligible for re-election or reappointment and there is no limit to the number of terms a director may serve consecutively.
94. The office of director must be vacated if the director:
  - (1) if he or she is a member, ceases to be a member or holds the required number of membership shares
  - (2) holds any other office of profit under this Association, except that of manager, secretary or treasurer
  - (3) is concerned or participates in the profits of a contract with the Association
  - (4) is absent from three consecutive regular meetings of the directors without the consent of the directors; provided that
    - (a) no director must vacate his or her office by reason of his or her being a member of a company which has entered into contracts with or done any work for the Association; but the director must disclose the fact of membership to the other directors, and must not vote in respect of that contract or work, and if he or she does vote his or her vote must not be counted; and
    - (b) a director has the right, at all times, to sell or consign for sale to the Association, product grown or produced, services provided and copyrights owned by the director or in which he has an interest.

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95. The Association may by special resolution remove any director before the expiration of their term of office, and may by an ordinary resolution fill the vacancy created by the removal.

### **PART 11 – MEETINGS OF DIRECTORS**

96. 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. Board members may participate in a board meeting by telephone, video conferencing or other electronic means of communication and board members attending in such fashion shall be counted as being in attendance for purposes of establishing a quorum.

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

98. 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.

99. Notice of a reconvened meeting of directors is not required if the time and place of the reconvened meeting is announced at the original meeting.

100. 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.

101. A resolution referred to in Rule 97 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.

102. For the purposes of a resolution referred to in Rule 97, written consent may be provided by telegram, telex, facsimile transmission, electronic mail or any other method of transmitting legible recorded messages.

103. 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 provided that the form of participation allows the board member to participate in discussion of issues, and to register her or his vote on decisions that arise.

### **PART 12 - COMMITTEES**

104. Any appointed committee shall conform to any regulations the directors may impose.

105.(1) The board may, by resolution, appoint one or more committees consisting of the director(s) and member(s) 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.

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

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

108. Unless the board determines otherwise, each committee has the power to fix its quorum at not less than a majority of the committee members.

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- 109.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 in office.
- 110.A committee 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, those present who are members of the committee may, by resolution, choose one of their number to chair the meeting.
- 111.Questions arising at any meeting of a committee are determined by a majority of votes of the members present, and in case of an equality of votes the chair has no second or casting vote.
- 112.The minutes of the proceedings of a committee must be kept in accordance with the Act.

### **PART 13 – OFFICERS**

- 113.(1) The board must appoint, by resolution, a president and vice-president of the Association from among the directors.  
(2)The board may appoint, by resolution, a secretary, a treasurer and other officers that the board determines are necessary.  
(3)The officers appointed under subrule (2) may be, but need not be, directors.
- 114.The same individual may hold two or more offices of the Association.
- 115.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.
- 116.(1) The board must determine the term of office and remuneration, if any, 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.

### **PART 14 – CONFLICT OF INTEREST RULES FOR DIRECTORS AND OFFICERS**

- 117.The directors and officers of the Association are governed by the disclosure and conflict of interest rules set out in the Act.

### **PART 15 – FINANCES**

- 118.Subject to the Act and these Rules, every member of the Board of Directors having receipt or charge of money shall, before entering on these duties, give security if considered necessary by the Board of Directors.
- 119.The directors may, for the purposes of the Association, on behalf of the Association,  
(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 but at no time shall the amount borrowed or secured exceed two times the sum of the capital paid up and subscribed.
120. Subject to any limitations adopted by the Association, the Board of Directors may invest the funds of the Association in any manner that they see fit.
- 121.The Association must not provide loans on the security of its shares.
- 122.The Board of Directors shall cause true accounts to be kept of all money received and expended and the matter for which that receipt and expenditure takes place, and the assets and liabilities of the Association.
- 123.The books of accounts shall be kept at the registered office of and may for temporary purposes be kept at another place the Board of Directors think fit, and shall at all reasonable times be open to the inspection of the members.

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- 124.(1) Subject to and in accordance with the Act, the directors must appoint the first auditor and the Association must appoint subsequent auditors, if any.  
(2) The duties and rights of the auditor are governed by the Act.
- 125.No director may be appointed or act as auditor. In any year, the appointment of auditor may be waived by a special resolution passed by the general membership.
- 126.The financial year of the Association ends on the date fixed by the directors.
- 127.The directors must apply surplus funds arising from the operation of the Association in a financial year as follows:  
(a) first, to the reserves required by Rule 129; and  
(b) to retire all or a portion of any deficit previously incurred by the Association, as the directors determine is appropriate.
- 128.The directors must report to each annual general meeting the state of the Association's financial affairs.
- 129.The directors must set aside as reserves for meeting contingencies at least 30% of the surplus funds arising from the operations of the Association in each financial year.
- 130.Subject to the Act and these Rules, reserves must be available to meet contingencies and until required for that purpose may be employed in any manner the directors consider appropriate.

### **PART 16 – DISPUTE RESOLUTION**

- 131.In cases where conflict between members or groups of members cannot be resolved within three regular meetings,  
a) an outside mediator acceptable to all parties will be chosen. If this is not possible, a mediator will be chosen by all the members, minus one.  
b) The role of the mediator will be to help the members arrive at a consensus decision. A decision must be reached within a maximum of three (3) meetings with the mediator over a period of not more than eight weeks.  
c) Should consensus not be reached, the members agree to vote on a recommendation from the mediator as a special resolution at a meeting of the membership called in accordance with the Act and these Rules.
132. Parties to mediation shall equally bear the costs of the mediator.

### **PART 17 – NOTICES**

- 133.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 134 or 135,  
except that notice to directors may be given by telephone by a number provided by the director for that purpose.
- 134.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,  
(c) sent by facsimile transmission to a telephone number provided for that purpose, or  
(d) served in accordance with the Act.

## **Rules of Aromatic Farm Cooperative**

- 135.(1) A notice given in accordance with Rules 133b) or 134(a) is deemed received when it is delivered.  
(2) A notice given in accordance with Rules 133(c) or 134(b) 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 133(d) or 134(c) is deemed to be received at the time the notice is sent by facsimile.
136. 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.
137. If a mailed notice is returned on two consecutive occasions because the intended recipient cannot be found, the Association is not required to give any further notices to that intended recipient until the intended recipient informs the Association in writing of their new address.
138. 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, 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.

### **PART 18 – SERVICE OF DOCUMENTS**

- 139.(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 subsection (1)(a) is deemed received on the second day, not including Saturday and holidays, after the date of mailing.
140. Service on the Association must be in accordance with the Act.

### **PART 19 – CORPORATE SEAL AND EXECUTION OF INSTRUMENTS**

141. The Directors may provide a seal for the Association and may determine its form.
142. The directors must provide for the safe custody of the seal, which must be stored at the registered office of the Association.
143. The seal must not be impressed on any instrument unless that impression is attested by the signature or signatures of  
(a) any two (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.
144. 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 143.

### **PART 20 – RECORDS**

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

### **PART 21 – ALTERATION OF MEMORANDUM OR RULES**

146. Amendments to the memorandum and Rules of the Association must be in accordance with the Act and these Rules.