The Lifeboat Academy Cooperative

Rules of Association

Part 1 -- Interpretation

Definitions

1.1 In these Rules:

(a) "Act" means the Cooperative Association Act of British Columbia from time to time in force and all amendments to it.

(b) "Adjourned meeting" means the meeting to which a meeting is adjourned.

(c) "Association" means Lifeboat Academy Cooperative.

(d) "Best Interest of the Association" shall consider the long-term health and well-being of the stakeholders of the Association, including the needs of members, the health of the natural environment and the broader community.

(e) "Board" or "the Directors" mean the board of directors of the Association; in this document, the term "Steward" is synonymous with "Director" and "Stewardship Council" synonymous with "Board" or "Board of directors"

(f) "Consent Decision Making" means a structured approach where decisions move forward unless members have objections. This method emphasizes addressing and integrating objections to ensure decisions are "good enough for now; safe enough to try."

(g) "Convenor" and "Co-Convenor" mean "President" and "Vice-President," "Record Keeper" means "Secretary," and "Supporting Roles" means "Officers."

(h) "Coordination Circle" means "Executive Committee."

(i) "Driver Statement" means "Terms of Reference."

(j) "Guild" means "Committee" and "Coordinator" or "Facilitator" means "Chair"

(k) "Member" means a member of the Association.

(l) "Organizational Driver" means any situation where the organization's members have a motive to respond for the benefit of the organization (by helping to generate value, eliminate waste or avoid undesirable risks or consequences).

(m) "Objection" means an argument relating to a proposal that reveals consequences or risks that are preferably avoided for the organization, or that demonstrates worthwhile ways to improve.

(n) "Proposal" means a suggested course of action which responds to an organizational driver and is synonymous with a motion brought forward by member(s) and member requisition as set out in the Act and Regulations as applicable.

(o) "Regulation" means the regulation under the Act as made and amended from time to time.

(p) "Rules" means these Rules and all amendments, additions, deletions or replacements from time to time in force and effect.

(q) "Special Resolution" means a resolution that requires unanimous consent or the support of seventy-five (75) percent of members to be accepted.

Commented [BK1]: The Rules of Association are based on the Multi-Stakeholder Coop model that you might see for a Food Store Coop. In the standard model, there are four classes of stakeholders - investors, employees, customers, and the community. We use this structure and substitute to "benefactors" for "investors" (to underscore the non-extractive expectations we have of financial investors), "caretakers" for "employees" (likewise to underscore that caretakers are more than merely 'staff'), and lifeboat builders more broadly represent our "customers." Community remains as a stakeholder group.

In addition, we substitute sociocracy as an organizing and decision-making structure.

In most respects, these by-laws are structured and work like conventional by-laws with only minor tweaks.

Commented [BK2]: We have adjusted the language throughout to reflect sociocracy terminology. This section acts as a sort of glossary connecting the conventional terms with sociocracy terms.

COOPERATIVE ASSOCIATION ACT DEFINITIONS APPLY

1.2 Subject to Rule 1.1, words and expressions defined in the Act, as they read on the effective date of these Rules, are applicable to the Association so far as applicable.

INTERPRETATION

1.3 Words in the singular form include the plural and vice versa, and words importing a specific gender include the other gender and eligible organizations.

COOPERATIVE ASSOCIATION ACT GOVERNS

1.4 If there is a conflict or inconsistency between the Act and the Rules, the Act will prevail.

Part 2 -- Purpose and Social Benefit

Commented [BK3]: This section is adapted from B-Corp language and enshrines the social benefits we seek to create into the by-laws themselves to prevent "mission creep" and to give the Stewardship Council permission to consider the broader social and environmental benefits impacts of decisions - not forcing them to make decisions simply to maximize shareholder profits.

COMMITMENT TO SOCIAL BENEFITS

2.1 The Association is committed to providing educational, community development and social services to the community consistent with cooperative principles.

2.2 The Association commits to promoting the following public benefits:

(a) Disseminating practical resilient life skills.

(b) Modelling high-functioning collaboration practices.

(c) Modelling carbon-sequestering, regenerative agricultural practices.

(d) Integration of Indigenous ways of knowing and working.

(e) Increasing local food sovereignty.

(f) Healing and enhancing local ecosystems.

(g) Creating affordable access to land for young farmers.

(h) Providing structured affordable housing and equity for workers.

PURPOSE

2.3 The Association commits:

(a) to conduct the Association's business in a responsible and sustainable manner.

(b) to promote the public benefits specified in Rule 2.2.

(c) to include and be restricted to the creation of a positive impact on society and the environment, taken as a whole, from the business and operations of the Association, which impact is material in view of the size and nature of the Association's business.

(d) To ensure the Stewardship Council, when deciding what is in the best interests of the association, considers the short-term and the long-term interests of the association and the interests of the association's members, employees, suppliers, creditors and consumers, as well as the government, the environment, and the community and society in which the association operates (the "Stakeholders").

(e) To ensure that in discharging their duties, and in determining what is in the best interests of the association, each steward shall consider the best interests of all of the Stakeholders.

(f) Nothing in this Rule shall create or grant any right in or for any person other than a Member or any cause of action by or for any person other than a Member.

(g) Notwithstanding the foregoing, any Steward is entitled to rely upon the definition of "best interests" as set forth above in enforcing their rights hereunder, and under Provincial law and such reliance shall not, absent another breach, be construed as a breach of the Steward's fiduciary duty of care, even in the context of a change in control transaction where, as a result of weighing other Stakeholders' interests, a Steward determines to accept an offer, between two competing offers, with a lower price per share.

Part 3 -- Membership

OPEN MEMBERSHIP

3.1 Membership in the Association is open and voluntary to individuals and eligible organizations that have the ability to use and support the services of the Association, all in a non-discriminatory manner, and are willing and able to accept the responsibilities of membership outlined in these Rules and the Membership Agreement.

GENERAL RIGHTS AND OBLIGATIONS OF MEMBERSHIP

3.2 A Member:

(a) Must purchase and own at least one share from at least one of the designated share classes.

(b) Must be willing and able to accept the responsibilities of the Membership Agreement and abide by the terms of the Current Operating Agreements, including any applicable member agreements provided by The Lifeboat Academy from time to time.

(c) Must complete the application procedure(s) required by the Association.

(d) Is expected to represent and support the Lifeboat Academy in the Member's role as a co-owner of the cooperative and as detailed in the Current Operating Agreements.

(e) Is responsible for maintaining up-to-date contact information on the Member's account; and

(f) May add considerations and voice objections to all proposals relevant to their interests and has one (1) vote on all matters voted on by Members.

MEMBERSHIP GROUPS AND QUALIFICATIONS

Commented [BK4]: The four classes of membership roughly correspond to "investors" "employees" "customers" and "community" but we have attempted to write them in a way that allows people to be members of more than one class. For example, we hope that "caretakers" will also be or become "investors."

This section basically says that members of that class of stakeholder select representatives to sit on the Stewardship Council.

3.3 The Association shall have four membership categories represented through share classes as further defined in Rule Sections 4.2 to 4.5 below.

3.4 Class A Members, otherwise known as Lifeboat Builders and Guests, who benefit from the produce of the land and/or the services provided by the Association and who hold at least one Class A membership share and are synonymous with "customers" or "students" in other multistakeholder models.

(a) Class "A" Members are not subject to any annual dues which might be assessed by the Stewardship Council.

(b) Class "A" Members may nominate and vote for Stewards to represent this membership group on the Stewardship Council as per Rule 5.8.

(c) Class "A" Members are not required to but may voluntarily participate in the patronage program available to members who work or provide services to the Association.

(d) Class "A" Members have no obligation to work or provide services to the Association.

(e) Class "A" Members are not eligible for dividends on surplus revenue of the Association.

3.5 Class B Members, otherwise known as Benefactors, who own at least one Class B investment share shall have the following rights and restrictions:

(a) Class "B" Members are not subject to any annual dues which might be assessed by the Stewardship Council.

(b) Class "B" Members may nominate and vote for Stewards to represent this membership group on the Stewardship Council as per Rule 5.8.

(c) Class "B" Members are not required to but may voluntarily participate in the patronage program available to members who work or provide services to the Association.

(d) Class “B” Members have no obligation to work or provide services to the Association.

(e) Class “B” shares shall be eligible for dividends on surplus revenue of the Association as declared by the Stewardship Council, at its discretion.

3.6 Class C Members, otherwise known as Caretakers, who are committed to caring for the land and who hold at least one Class C share and who could be considered the "employees" in a more conventional multistakeholder cooperative model, shall have the following rights and restrictions:

(a) Class “C” Members are obligated to work and / or provide services to the Association and participate in the patronage / profit-sharing program as per Rule 7.6.

(b) Class “C” Members may nominate and vote Stewards to represent this membership group on the Stewardship Council as per Rule 5.8.

(c) Class “C” Members may be required to pay annual dues ratably to their number of shares in the amount necessary to create and maintain the reserve fund as determined in Rule 7.5.

(d) Class “C” Members shall be eligible for dividends on surplus revenue of the Association as declared by the Stewardship Council, at its discretion.

3.7 Class D Members, otherwise known as Community Partners, who reside in and/or serve the Salish Sea bioregion, including those who speak for our more-than-human relations and those whose voices have traditionally been marginalized and who have at least ten class A shares and who are similar to community stakeholders in a multistakeholder cooperative model.

(a) Class “D” Members are not subject to any annual dues which might be assessed by the Stewardship Council.

(b) Class “D” Members may nominate and vote for Stewards to represent this membership group on the Stewardship Council as per Rule 5.8.

(c) Class “D” Members are not required to participate in the patronage / profit-sharing program available to members who work or provide services to the Association.

(d) Class “D” Members have no obligation to work or provide services to the Association.

(e) Class “D” Members are not eligible for dividends on surplus revenue of the Association.

3.8 Subject to the laws prohibiting discrimination and in accordance with the Cooperative Principles, the Stewardship Council may refuse membership on such grounds as it may determine in its discretion.

3.9 A Member may be accepted into more than one class simultaneously, provided they qualify for membership and are accepted in each class.

Application and Approval for Membership

3.10 An individual or organization wishing to apply for membership must fulfill the following conditions:

3.11 Purchase the minimum number and type of shares as required in rules 3.4 to 3.7.

3.12 Members must agree to the mission and purpose of the Association as described in the Membership Agreement, these Rules, and to the Current Operating Agreements of the Association.

3.13 Prospective members must submit, in writing, an application for membership to the Stewards in a form provided for by the Stewards for that purpose.

3.14 The Stewardship Council, or a guild authorized by the Stewards to approve applications for membership, may approve or refuse an application for membership consistent with Rule 3.8 above, and may postpone consideration of an application for membership. Membership comes into effect on the day the application for membership is approved.

Commented [BK5]: There are many places throughout the by-laws where it may seem like there’s too much authority given to the association to reject or insist on something. It’s important to remember that the by-laws are meant as an enabling mechanism to give us options if necessary. The actually day-to-day functioning is outline in the Current Operating Agreements, but this document is intended to give the association the latitude to deal with unexpecting or changing circumstances.

JOINT MEMBERSHIP

3.15 Association memberships may be held jointly, but in no case shall joint members cast more than one vote on any issue placed before the membership.

WITHDRAWAL FROM MEMBERSHIP

3.16 A Member may voluntarily withdraw from membership in the Association by giving written notice to the Stewards of the Members' intent to withdraw and by surrendering any share certificates in respect of membership shares. The death of a Member shall have the same effect as a withdrawal.

3.17 The Member's membership ceases on the date the Member's notice to withdraw is received by the Stewards. The Association shall redeem a withdrawing Member's shares per Rule 4.14

GROUNDS FOR TERMINATION OF MEMBERSHIP

3.18 The Association may terminate the membership of a Member in accordance with the Act and following a resolution to do so by the Stewardship Council, if:

(a) The Member has engaged in conduct detrimental to the Association; or

(b) In the opinion of the Council, based on reasonable grounds, the Member has breached a material condition of an agreement with the Association, including but not limited to these Rules, the Member Agreement or the Operating Agreement; or

(c) The Member has not paid money due to the Association within a reasonable specified time after receiving written notice to do so; or

(d) The Member otherwise ceases to be eligible for membership.

3.19 A Member whose termination is to be considered at a Council Meeting may attend a portion of the meeting where their termination is considered to make a statement in support of their continued membership. To request this opportunity following notice to the Member, the Member shall alert any Steward or Coordination Circle member who will then work to coordinate timing with the Council.

3.20 The Member will be informed of the outcome of the decision in writing within forty-eight hours after the close of the meeting. The Association shall redeem the terminated Member's shares per Rule 4.14

APPEAL OF TERMINATION OF MEMBERSHIP

3.21 A Member whose membership is terminated for reasons set out in Rule 3.18

(a) May appeal the termination by filing an appeal with the Association within 7 days after receiving notice of the termination; and

(b) If the Member files an appeal, the Member shall continue to be a Member of the Association, unless the Members, at the general meeting to which the appeal is brought, confirm the termination of membership by majority vote.

Part 4 -- Shares

STEWARDSHIP COUNCIL AUTHORIZED TO ISSUE SHARES

4.1 The Stewardship Council may, subject to the rights of the holders of the issued shares of the Association, issue, allot, sell, grant options on, or otherwise dispose of the unissued shares, and issued shares held by the Association, at the times, to the persons, including Stewards, in the manner, on the terms and conditions and for the issue prices that the Stewardship Council, in their absolute discretion, may determine.

SHARE CLASSES

4.2 The Association shall have multiple membership classes pursuant to Section 48 of the Act. The special rights and obligations of different classes of shares shall be specified in the relevant sections of the Association Rules, including but not limited to Part 3 --.

4.3 Class A Shares are General Membership shares.

(a) They are issuable to those who benefit from the services and produce of the Association, and to people/organizations who reside in and/or serve the Salish Sea bioregion and speak on behalf of our more-than-human relations or represent voices who have traditionally been marginalized.

(b) The Association is authorized to issue an unlimited number of Class "A" Shares.

(c) Class "A" shares have a par value of $10 per share.

4.4 Class B shares are Benefactor investment shares.

(a) The Association is authorized to issue 1600 Class "B" Investment Shares.

(b) Class "B" shares have a par value of $1,600.00 per share.

4.5 Class C Shares are Caretaker investment shares.

(a) The Association is authorized to issue 1600 Class "C" Investment Shares.

(b) Class "C" Investment Shares have a par value of $80.00 per share.

4.6 The Association may, at the direction of its Board, issue investment shares as set out in Rules 4.1 to **Error! Reference source not found.** subject to the Act and applicable securities laws and regulations. The Board may issue future classes of investment shares in one or more series and may determine the designation, rights, privileges, restrictions, and conditions attached to the investment shares of each series.

ASSOCIATION AUTHORIZED TO PURCHASE SHARES

4.7 Subject to the special rights and restrictions attached to any class or series of shares, the Association may, if it is authorized to do so by the Stewards, purchase or otherwise acquire any of its shares.

TRANSFER OF SHARES

4.8 No shares may be sold, transferred or otherwise disposed of without the consent of the Stewardship Council and the Stewardship Council is not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

4.9 There must be paid to the Association, in relation to the registration of any share transfer, the amount determined by the Stewardship Council.

Commented [BK6]: The share structure is probably the biggest innovation in our approach. We wanted to find a way to give those caring for the land equal decision-making power to those owning the land and also to bring in the Indigenous understanding that "owning" land comes with an obligation of care.

We also want to base everything on the Fair Share Footprint (the renewable capacity of the planet divided by the 8.1 humans) as a basis for sustainability and justice.

To achieve this, we divided a full footprint into 100 shares and then divided those 100 shares into two parts - the "investment / ownership" component and the "care" component.

We can think of how this looks in three cases. "Homesteaders" who own and care for their full "footprint" of land, "Benefactors" who own the land, but can't care for it themselves, and "Caretakers" who are able to care for the land, but don't have the means to own it.

The "Homesteaders" would hold 100 B and 100 C shares.

Benefactors would hold 100 B shares and no C shares.

Caretakers would hold 100 C shares and no B shares.

"Timeshares" then are a balanced portfolio of less than 100 B and C shares. 25 of each would represent a quarter timeshare.

Commented [BK7]: This is one of those places where the by-laws give the Stewardship Council power that we wouldn't expect them to exercise under normal circumstances. This section is intended to allow people to give or sell their shares to others who might want to get involved in the project. Whoever purchases the shares would need to agree to the purposes and operating agreements of the association.

Transmission of Shares

4.10 On the death or dissolution of a Member, the person or entity entitled to the shares of the deceased or dissolved Member may, on providing proof satisfactory to the Stewardship Council of the death or dissolution of the Member and the person's entitlement, apply to redeem the shares.

Redemption of Shares

4.11 Subject to the Act, these Rules and the special rights and restrictions attached to any class of shares, the Association may, by a resolution of the Stewardship Council and in their discretion, redeem any of its shares at the price and on the terms specified by the resolution.

4.12 If the Association proposes, at its option, to redeem some but-not-all of the shares of any class of shares, it must make its offer ratably to every Shareholder who holds shares of that class of shares. A redemption of shares under this Rule must be made on a fair and equitable basis.

4.13 Subject to the Act, the Association may sell any share redeemed by it, but, while the Association retains the share, the Association must not exercise any vote, or pay or make any dividend or other distribution, in respect of that share.

4.14 A Member who seeks to withdraw from membership or has their membership terminated per Rule 3.18, must give written notice to the Association of their request to redeem their shares. On receipt of the written request:

(a) If a request to redeem Class B shares happens within 10 years of incorporation of the Association, shares will only be redeemed if the Stewardship Council determines, in its sole discretion, that the Association has sufficient financial reserves to meet the redemption request in whole or in part.

(b) If a request to redeem Class B shares happens 10 or more years after incorporation of the Association, shares shall be redeemed by the Association within 2 years of receipt by the Association of a written request for redemption or in such timeframe as can be negotiated with the shareholder.

(c) Class A or Class C shares shall be redeemable by a Member within 2 years of receipt by the Association of a written request for redemption of shares by the Member.

4.15 A Member is entitled to the amount paid up on the par value of a membership share on redemption by the Association under this Part.

Commented [BK8]: This section lays out our "10-year, land-backed bet" with investors. We want to recognize that this is an experiment and while we hope it works, we want to also ensure that our investors aren't left holding the bag. We also want to make sure that we have long enough to actually find our feet and get the project working.

As a result, we came up with the idea that investors know and acknowledge that they are investing to provide time and space for the project to develop, but that if it doesn't work, there is a mechanism for getting their money back (by selling the property as the main asset of the association and paying all shareholders back proportionally).

Are hope is that the project is successful enough even before the 10 year horizon that early investors who want to exit could sell their shares to willing new members or to already existing members who want to increase their equity in the project.

Part 5 -- Stewards and Supporting Roles

Duties & Qualifications of Stewards

5.1 The Stewards serving on the Stewardship Council must manage the Association in accordance with the responsibilities, duties and powers of directors set out in Section 84 of the Act, the regulation, the Memorandum, and these Rules.

5.2 Stewards must be members in good standing and agree to the Stewardship Agreement included in the Current Operating Agreements.

5.3 An individual is not qualified to become or act as a Steward of the Association if that individual:

(a) Is not a Member of the Association;

(b) Is under the age of 18 years;

(c) Is found by a court to be incapable of managing the individual's own affairs;

(d) Has been convicted of an offence in connection with the promotion, formation or management of a corporation, of an offence involving fraud, or an offence involving a child; or

(e) For any other reason specified in the Act.

Composition and Number of Stewards

5.4 The Association shall have a minimum of four (4) and a maximum of sixteen (16) Stewards.

5.5 Each class of member shall be entitled to at least one (1) Steward for a minimum total of four (4) Stewards on the council.

5.6 Each class has the right to elect up to the following maximum number of stewards:

(a) Membership Class A – Lifeboat Builders and Guests: 4

(b) Membership Class B – Benefactors: 4

(c) Membership Class C – Caretakers: 4

(d) Membership Class D – Community Partners: 4

Nominations, Elections and appointments.

5.7 If required, an election of Stewards shall take place at the Annual General Meeting of the Association but may also be held at any time the Stewardship Council determines an election or appointment is necessary under these Rules and the Act.

5.8 The nomination and election of Stewards shall follow the process detailed in the Current Operating Agreements and must observe the following rules:

(a) Any Member of the Association may nominate any Member to serve as a Steward.

(b) All nominees shall be given the opportunity to address the Members;

(c) The nominees receiving the greatest number of votes in an election shall be declared elected;

(d) Stewards representing Membership Class A will be elected by Class A Members or appointed by a resolution of the Members of Class A.

(e) Stewards representing Membership Class B will be elected by Class B Members or appointed by a resolution of the Members of Class B.

Commented [BK9]: The Stewardship Council replaces the conventional Board of Directors but functions in a similar spirit. It also serves the role described in some forms of sociocracy as the "Guiding Circle" or the "Mission Circle."

Unlike in other organizations, though, the Stewardship Council is much more representative of the members of the association and its activity is more integrated into the life of the association.

Ideally, the Stewardship Council has balanced representation from each stakeholder class. Similarly, at a maximum of 16 on the council (equal to the number of fair share footprints for the property), its larger than most boards to represent more perspectives.

The primary role of the Stewardship Council is connected to the annual planning process and the Annual General Meeting in which they act as "wise counsel" for establishing the annual plan which then gets delegated to the various functional guilds (or circles) that actually do the work (as per sociocracy).

The Coordination Circle, which represents the guilds and the Stewardship Council, is the body that deals with ongoing management issues.

(f) Stewards representing Membership Class C will be elected by Class C Members or appointed by a resolution of the Members of Class C.

(g) Stewards representing Membership Class D will be elected by Class D Members or appointed by a resolution of the Members of Class D.

5.9 In the case of a tie, the current Stewardship Council Members will make a final determination by drawing of lots.

5.10 Election of Stewards may be conducted electronically in accordance with the Act.

5.11 The selection of nominees for Stewards shall, to the greatest extent possible, maximize diversity of representation and of expertise in the benefits listed in Part 2 of these Rules, and include consideration of expertise in financial matters, business management, sociocracy, and governmental or legal relations.

TERMS

5.12 Subject to Rule 5.13, Stewards shall be elected to a term of three (3) years and may seek re-election after three years with no term limits.

5.13 At the first annual general meeting of the Association to establish staggered terms of office, the Stewards who have been elected must determine from among their number one third of the Stewards that will serve a three (3) year term, one third of the Stewards that will serve a two (2) year term and one third that will serve a one (1) year term. To the extent possible terms should be balanced across the four (4) classes of Stewards.

POWERS

5.14 Subject to Rule 5.15 the Stewards may from time to time on behalf of the Association:

(a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions they consider appropriate,

(b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Association or any other person,

5.15 The Stewardship Council may not authorize the borrowing of monies, on the credit of the Association, exceeding $100,000 without consent, by special resolution, of the Members.

SUPPORTING ROLES

5.16 The Stewards shall elect the following Supporting Roles of the Association from among their number following the process detailed in the Current Operating Agreement, with the duties as indicated:

(a) Convenor who is responsible for conducting Stewardship Council meetings (i.e. setting agenda, maintaining order, leading decision-making processes, and proposing questions);

(b) Co-convenor who is responsible for filling the role of Convenor if the Convenor is unwilling or unable to do so;

(c) Treasurer who oversees billing, collecting and authorizing funds relating to the operations of the cooperative and its business; and

(d) Record Keeper who is responsible for maintaining and distributing official minutes of meetings as well as organizing, maintaining, and distributing other documents as needed.

5.17 The duties of each supporting role are defined in accordance with Section 105 the Act and as specified in the Operating Agreement. Each supporting role shall serve a term of one (1) year and may serve an unlimited number of consecutive terms.

GUILDS

5.18 The Stewardship Council, by unanimous consent, may form one or more guilds deemed necessary to the Association. The Council shall appoint the caretaker of each guild and create a driver statement setting out the responsibilities of the guild and its members. The guilds must appoint a record keeper to record minutes in accordance with the Act. A vacancy on a guild may be filled by the remaining guild members by the election process detailed in the Current Operating Agreements.

Commented [BK10]: This is basically equivalent to a board forming committees to do the work, but translated into sociocracy language.

THE COORDINATION CIRCLE

5.19 The Coordination Circle shall consist of the Convenor of the Stewardship Council, the caretakers of each guild, and one additional representative from each guild to be elected by each guild. The Coordination Circle shall manage the operations of the Association within the limits set by the Stewardship Council as part of the annual plan.

5.20 The Coordination Circle shall:

(a) Determine and implement policy to realize its own aim(s) within limits set by the Stewardship Council.

(b) Assign functions and tasks to its own members to execute its own policy.

(c) Decide, in consultation with the Stewardship Council, whether new functional areas should be created or whether existing guilds should be split up, combined, or dissolved. Any changes are considered provisional until the next regular meeting of the Stewardship Council when the changes must be consented to by the Stewardship Council.

RESIGNATION; VACANCIES

5.21 Any Steward or Supporting Role may voluntarily resign their position at any time upon written notice to the record keeper of the Association. The Record Keeper may resign at any time upon written notice to the Convenor.

5.22 Any member of the Stewardship Council may resign from the Stewardship Council at any time by submitting a letter of resignation to the Record Keeper of the Stewardship Council.

5.23 Any newly occurring vacancy in the Stewardship Council for any reason may be filled by a person selected by consent of the remaining members of the Stewardship Council. Each member so elected shall hold office until the expiration of the term of office of the member of the Stewardship Council whom they have replaced or until their successor is elected and qualified.

REMOVAL OF STEWARDS

5.24 A Steward may be removed from office by majority vote of the Stewardship Council if they no longer meet the obligations required in Rule 5.2 or fail to attend three (3) consecutive meetings without excused absence. A Steward may be removed by Special Resolution of the members for any other non-discriminatory reason in accordance with the Act.

INDEMNIFICATION OF STEWARDS AND SUPPORTING ROLES

5.25 The Association shall indemnify the Stewards and Supporting Roles to the greatest extent authorized by the Act.

Part 6 -- Meetings

MEETING TIME AND LOCATION

6.1 All meetings of the Association including General Meetings, regular or special meetings of the Stewardship Council, or of its guilds, may be held at such places within or without British Columbia and at such times as the Stewardship Council may from time to time determine. Notice of such meetings shall be given as required by the Act and as required in Rule 6.2 below.

NOTICE OF MEETINGS

6.2 Notice of all meetings, including General Meetings, regular or special meetings of the Stewardship Council, or of its coordination circle or guilds must be given to Members in accordance with the following:

(a) At least fourteen days' notice of every annual general meeting and of every general meeting at which a special resolution is to be proposed must be given to each Member.

(b) Notice of a special meeting of the Stewardship Council shall be given by the person or persons calling the meeting at least forty-eight (48) hours before the special meeting.

(c) An emergency meeting of Stewardship Council may be called at any time provided there is just cause;

(d) In the case of any other meeting than ones referred to in subrule 6.2.(a) and 6.2.(b) above, at least 7 days' notice must be given to each Member.

6.3 The notices under this Rule must specify the date, time, and location (online/offline) of the meeting, and, in the case of special business, the general nature of that business.

6.4 The Association will electronically send the required notice to the email address on record in the Member's account.

(a) The accidental omission to give notice of any meeting to, or the non-receipt of any notice by, a Steward does not invalidate any proceedings at that meeting;

TELEPHONIC AND VIDEO MEETINGS PERMITTED

6.5 All Association Members may participate in any meeting they are invited to, including General Meetings, regular or special meetings of the Stewardship Council, or of its guilds. The meeting may be conducted by means of conference telephone, video conferencing or similar communications equipment in by which all persons participating in the meeting can communicate effectively with each other, and participation in a meeting pursuant to this operating agreement shall constitute presence in person at such meeting. Notwithstanding the above, if an issue being discussed presents the risk of potential defamation, or where competitive business information may be discussed, the Stewardship Council, Coordinating Council, or Guild may conduct its affairs in a closed session where only eligible Stewards, Coordinating Council members, or Guild members may participate.

QUORUM

6.6 Quorum for the transaction of business at the Annual General Meeting shall be the lesser of 16 members or 25% of the total number of members entitled to participate in the decision-making process at the meeting and must include at least one Member of each membership class.

6.7 Quorum for the transaction of business at any General Meeting that includes a Special Resolution shall be 51% of the total number of members entitled to participate in the decision-making process at the meeting and must include at least one Member of each membership class.

6.8 Quorum for the transaction of business at regular and special meetings of the Stewardship Council shall be 51% of the total number of Stewards and must include at least one Member of each membership class.

6.9 Quorum at the Coordination Circle or any guild meetings is at least three Members entitled to participate in the decision-making process at the meeting.

Convenor and Record Keeper for meetings

6.10 The Convenor or someone appointed by the Convenor, shall preside as chair or facilitator at every general meeting.

6.11 The facilitator of a general meeting may, and if directed by the Members, adjourn the meeting to another time and/or place, but no business may be transacted at any subsequent meeting other than the business left unfinished at the meeting from which the adjournment took place.

6.12 The facilitator at a general meeting must appoint a Member to act as record keeper at the meeting and announce the appointment to the Members.

6.13 The record keeper must record the minutes of all consent agreements and proceedings at a general meeting.

Decision Making

6.14 Decisions in all meetings, including General Meetings, regular or special meetings of the Stewardship Council, or of its guilds, are made using a consent process which is outlined here but addressed more completely in the Current Operating Agreements.

6.15 Notwithstanding 6.14, Members present at any meeting may determine an alternative decision-making process, for example a simple majority vote, to determine a specific question provided that that method is determined by unanimous consent, unless otherwise required or prohibited by the Act or these Rules.

6.16 Proposals may be initiated by a Member, group of Members, or Association Supporting Roles at any time.

(a) Proposals must include a clear statement of the Organizational Driver(s) which the proposal addresses.

(b) Proposals must include the time period during which the agreement would be valid.

(c) Proposals may be submitted to any guild caretaker, member of the Coordination Circle or Steward.

6.17 Proposals are reviewed to identify the guilds affected by the proposal and forwarded to guild caretakers for inclusion on the agenda of the next regular meeting of the guild and/or for consideration at the next regular meeting of the coordination circle.

6.18 Discussion of proposals shall review and validate the Organizational Driver(s) prompting the proposal.

(a) Any Member affected by the proposal has the right to raise concerns and objections during the discussion of proposals or to register their concerns or objections via email or other approved electronic method within 48 hours of the publication of meeting minutes.

(b) In the event of notice of any objection within 48 hours, the proposal will be returned to the next appropriate meeting.

(c) Objections are validated to confirm that they are related to a legitimate organizational driver.

(d) In the event there is less than unanimous consent about the validity of an objection, Members present at the meeting will be asked to vote, with a supermajority (66 percent) necessary to override the objection.

(e) Each Member will have a single vote.

(f) Proxy votes are not allowed.

(g) Any objections must be addressed in a revised proposal to the satisfaction of all affected members before moving forward.

Commented [BK11]: This is also a big innovation, but we are drawing on other organizations who have already adopted sociocracy.

The main difference is a focus on consent-based decision making.

Consent-based decision making is different from consensus-based decision making in a few important ways.

The decision standard is "good enough for now; safe enough to try" and all decisions have an explicit time-limit. Similarly, the process for decision making attempts to unearth and address concerns or objections that might cause problems or expose the association to unacceptable risks.

No one has "veto" power, but people can raise objections that keep a decision from moving forward. Objectives have to be based on the organizational drivers and demonstrate a significant and real risk.

To ensure that the process is abused, the group can vote to reject an objection as not material with a two-thirds vote.

Proposals are then refined to address any objections until there is unanimous agreement.

While many people are concerned that not having the ability for a majority to force through a decision will lead to problems, we've found the converse to be true. By giving the space for objections and concerns to be raised and addressed systematically, the overall decisions are improved and the process is actually faster than what happens when bad decisions are forced through on a majority vote.

(h) Any concerns shall be noted in the proposal.

6.19 Proposals are said to have consent when there are no unresolved objections.

6.20 Proposals receiving consent will be entered into the change log and Current Operating Agreements, including the effective dates of the agreement.

6.21 The Coordination Circle is tasked with prioritizing and determining the best method for implementing current operating agreements to best serve members.

ANNUAL GENERAL MEETINGS

6.22 General meetings must be held at least once every calendar year within 4 months after the end of The Association's financial year in accordance with the Act.

BUSINESS AT ANNUAL GENERAL MEETING

6.23 Using the process detailed in the Current Operating Agreements, and consistent with the Act, the first general meeting and at each annual general meeting the following business must be considered:

(a) Call to order and establish quorum

(b) Approve minutes/transcript of last general meeting;

(c) Report on the annual review from the Stewardship Council;

(d) Presentation and approval of Annual Financial Statement

(e) Nomination and Election of Stewards;

(f) Consideration of Member Proposals

(g) Any other business the Stewardship Council determines should be considered and that has been properly noticed; and

(h) Adjourn meeting.

RECORD DATE

6.24 The record date is the cut-off date used to determine who may vote at an upcoming annual general meeting.

6.25 The record date for the Association is 30 days prior to the date of the annual general meeting.

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

FINANCIAL STATEMENT

6.27 A copy of the current financial statement will be provided to the Members at least ten (10) days prior to the date set for the annual general meeting.

MEETINGS OF STEWARDS

6.28 Meetings of the Stewardship Council shall be presided over by the Convenor of the Stewardship Council or another person chosen by consent of the Stewardship Council. In the absence of the Convenor or other chosen person, a Steward chosen at the meeting shall preside over the meeting. The Record Keeper shall act as record keeper of the meeting, but in their absence the presiding person may appoint any person to act as record keeper of the meeting.

(a) Meetings of the Stewardship Council shall be conducted in accordance with sociocracy principles and practices as documented in the Current Operating Agreements.

(b) The Stewardship Council shall conduct an annual review as specified in the Current Operating Agreements.

(c) The Stewardship Council shall approve an annual work plan as specified in the Current Operating Agreements.

6.29 The Stewardship Council is entitled to meet as often as necessary with a minimum of three meetings per year, and shall observe the following rules:

(a) The Convenor or any two stewards may call a Stewardship Council meeting at any time, provided at least forty-eight (48) hours before the meeting and the notice specifies the purpose for which the meeting is being called;

6.30 As noted above, unless otherwise required by the Act or the Rules, decisions at a Stewardship Council meeting require consent following the process as outlined in rules 6.14 to 6.21.

6.31 The minutes of the proceedings of the stewards must be kept in accordance with the Act in the Association Change Log.

6.32 The Stewardship Council may meet using conference telephone or other electronic means approved by the Stewards.

6.33 Resolutions may be passed by notional vote without a meeting of Stewards provided there is unanimous consent of Members in a form approved by the Stewards that is in accordance with the Act and the Rules; and

6.34 Any consent agreement passed by the Stewards without a meeting shall be effective on the date the last Steward consents, in writing, to the consent agreement.

NOTICE OF SPECIAL BUSINESS

6.35 Stewards may propose special business for any general meeting.

6.36 Members who wish to propose special business may contact their Stewards regarding such business subject to the Act and Regulations.

6.37 The Stewardship Council will review the request and determine if the special business will be raised, subject to the requirements for requisition of a Special Meeting set out in the Act, and submit any such business to the council in the timeframe required by the Act.

6.38 If special business is to be considered at any general meeting, the Council’s notice of the meeting must state the nature of the business in sufficient detail to allow a Member to form a reasoned judgment concerning the business.

NOTICE OF SPECIAL RESOLUTION

6.39 If a special resolution is to be proposed at a general meeting, the notice 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 long to include conveniently in the notice, a summary of the text should be included with sufficient detail to permit a Member to form a reasoned judgment concerning the resolution. In such a case, the notice must also state where the full text of the resolution can be read.

Part 7 -- Financial Management

Generally

7.1 The Stewards must ensure accounts are kept as required by the Act.

7.2 The financial year of the Association ends on the 31st day of October annually.

Auditor

7.3 Subject to and in accordance with the Act, the Council must appoint the first auditor and the Association must appoint subsequent auditors at the annual general meeting unless waived by the members via ordinary resolution each year.

7.4 Duties and rights of the auditor are governed by the Act.

Use of surplus funds and creation of reserve fund

7.5 The Stewardship Council must apply surplus funds arising from the operation of the Lifeboat Academy in a financial year as follows:

(a) First, no less than 5% of surplus funds shall be set aside in a reserve fund as required by the Act;

(b) Next, the Council shall determine and set aside additional reserves in an amount the Council considers necessary or prudent for the operations of the Association in the coming year;

(c) If surplus funds are not enough to achieve the determined set aside, the Council shall determine any dues necessary from Class C Members to achieve the financial reserves necessary.

(d) Next, the Council will determine the amount used to retire all or a portion of any debt previously incurred by the Association;

(e) Next, patronage returns in an amount set by the Council; and

(f) Next, the Council may donate part of the surplus for charitable or educational purposes;

(g) Last, to dividends in an amount set by the Council.

Dividends and Patronage

7.6 Subject to Rule 7.5 patronage or returns may be allocated from any surplus funds by consent agreement of the Stewardship Council. Patronage returns must be issued in proportion to the number of hours worked for the Association in the current fiscal year accounting for member wages and excluding banked time that may be accumulated.

7.7 Dividends may be allocated to Members and/or Investment Shareholders at the discretion of the Council. The Council shall prioritize dividend payouts to Class "B" Investment Shareholders, and then to Class "C" Investment Shareholders.

Commented [BK12]: In traditional by-laws, the first cut goes to investors in the form of dividends, then patronage to employees and customers, and lastly donations.

We have chosen to symbolically invert the traditional hierarchy of "investors first" to first credit the people who are actually doing the work first, the broader community second and investors last.

In reality, this makes no difference in practice because usually all three are considered together to determine a balance of distribution that feels fair to all.

Commented [BK13]: The underlying economic model we are using is based on "Commitment Pools." Basically, members track hours contributed to creating goods and services of benefit to members and customers.

The goods and services created have both a "time contribution equivalent" and a market-rate value.

Members who use the goods and services created are "debited" the "time contribution equivalent" and at the end of the year time spent versus time-equivalent received is balanced out. If they are running a time-debt, they make a cash contribution at a fixed "$/hr" rate. If they have a time contributed surplus, they are eligible for patronage (basically profit-sharing based proportionately on hours contributed).

Non-members accessing goods and services pay market-rate for the goods and services and that goes in pool. Similarly, members with a time debt make their financial contribution to the same pool.

Operating expenses are paid from that pool and whatever is leftover is distributed proportionally based on hours contributed over and above the time-equivalent of goods and services used.

Part 8 -- Records

REGISTER OF MEMBERS

8.1 The Association shall keep and maintain a register of members in accordance with the Act.

COOPERATIVE INFORMATION

8.2 The Association's day-to-day business operations are managed by the Association's Supporting Roles, employees, and contractors, all of whom are accountable to the Stewardship Council. The Stewards may determine to what extent, at which times and places, and under what conditions the records of Association may be open to inspection by Members and stakeholders, in accordance with the Act. The Association shall make every effort to maintain transparency in a reasonable and timely fashion unless there is cause to protect the privacy of members or there is a substantial concern of potential defamation should information be publicly disclosed.

RECORDING OF FINANCIAL AFFAIRS

8.3 The Council must cause adequate accounting records to be kept to properly record the financial affairs and condition of the Association and to comply with the provisions of the Act

Part 9 -- Notices and Document Service

NOTICE TO TRUSTEES

9.1 If a person becomes entitled to a share as a result of the death, bankruptcy or incapacity of a Member, the Association may provide a notice, statement, report or other record to that person by mailing the record, addressed to that person by name, by the title of representative of the deceased or incapacitated member, by the title of trustee of the bankrupt member or by any similar description, and at the address, if any, supplied to the Association for that purpose by the person claiming to be so entitled, or

9.2 If an address referred to in 9.1 has not been supplied to the Association, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

Part 10 -- Dissolution

VOLUNTARY DISSOLUTION

10.1 Any member may propose the dissolution of the Association and such proposals shall be treated as "special business" and be treated as a special resolution as described in sections 6.35 - 6.39. The proposal should include naming members of a task group to carry out the dissolution and liquidation of assets, along with any guidelines for the liquidation.

INVOLUNTARY DISSOLUTION

10.2 The Stewardship Council may adopt a resolution of dissolution in the following cases:

(a) If the Association has been adjudged bankrupt;

(b) In the event of a decree by a court that the Cooperative must be involuntarily dissolved, the Cooperative will follow the [appropriate BC statute];

(c) If the Articles of Incorporation have been canceled for failure to file annual reports or taxes.

DISSOLUTION

10.3 In the event of either involuntary or voluntary dissolution, a task group designated by the resolution shall liquidate all assets. The task group and Stewardship Council may consider the Purpose and Social Benefit of the Association in decisions about liquidation and are not required to accept the highest financial offer, but the one with the highest overall benefit to all stakeholders.

Commented [BK14]: In the event of dissolution, this clause allows the Stewardship Council to consider benefits beyond simply the highest bidder. For example, if multiple offers are received for the property, the Council could chose to accept a lower offer coming from a non-profit who intended to continue the operation over a private individual who intended to use the property for personal use only.

10.4 Upon dissolution, the Stewardship Council shall disburse the Association's assets in the following order:

(a) first, to pay the Association's debts and liabilities;

(b) second, to retire all capital furnished through patronage (member capital accounts) without priority on a pro rata basis; and

(c) third, to distribute the remaining property and assets of the Association among the Class B and Class C shareholder, pro rata to the total par value of their shares. Redemption of Class "B" Shares shall be preferred over Class "C" Shares.

Part 11 -- Amending These Rules

AMENDMENT OF THIS AGREEMENT

11.1 Subject to the Act and these Rules, amendments to the Memorandum and Rules of the Association shall be considered special business and must be decided by the members of the Association by special resolution following the process laid out in Rules 6.14 to 6.21 .

Version Information:

This is the eight draft of the Association's Rules which built off of a version that incorporated suggestions from Bill Oemichen and responses from the Finance and Legal Guild based on the May 2025 draft and reduces the Share Classes to three. Version eight primarily deals with minor inconsistencies and clarifications.

Referenced Documents:

The following documents or sections are referenced in the Rules:

A. Membership Agreement

B. Membership Application

C. Operating Agreement