

**ARTICLES OF ASSOCIATION**  
**OF**  
**MCKENZIE LAKE RESIDENTS ASSOCIATION**

1. The Articles of Association contained in Table "A" in the Schedule to the *Companies Act* (Alberta) do not apply to this Company.

**INTERPRETATION**

2. The headings used throughout these Articles shall not affect the construction hereof. In these Articles and the Memorandum of Association of this Company, unless the context otherwise requires, expressions defined in the *Companies Act* (Alberta) or any statutory amendment or modification thereof, shall have the meaning so defined, and

"**Arrangement**" has the meaning prescribed in Article 34;

"**Companies Act (Alberta)**" means the *Companies Act* of the Province of Alberta for the time being in force;

"**Company**" means the above named Association;

"**Costs**" and "**Operating Costs**" has the meaning ascribed thereto in Article 63;

"**Directors**", "**Board**" and "**Board of Directors**" means the directors of the Company for the time being;

"**Easement**" means an instrument registered against a title to property located in the Subdivisions to provide for the owners of certain properties located in the Subdivisions to more fully enjoy and obtain a greater benefit from the Recreational Facilities;

"**Electronic Transactions Act (Alberta)**" means the Electronic Transactions Act S.A. 2001, c.E-5.5, as amended or any substitution therefor from time to time;

"**Encumbrance**" means an instrument to secure the annual rent charge agreed to be paid by certain of the Members of the Company and registered or to be registered against the residential lands or rental lands of persons in the Subdivision who are members of the Company, for the purpose of forming an enforceable encumbrance pursuant to the provisions of the Land Titles Act (Alberta);

"**Executive Officer**" means any Director holding any of the following offices: Chairperson, President, Vice President, Secretary, Treasurer;

"**Family Members**" means the spouse (whether legally married to or not) of a Homeowner Member or Tenant Member and the lawful children (as distinguished from a child under 18 years of age for whom the Homeowner Member, or Tenant Member or their spouse is not in the position of having legal responsibility for such child) of such Homeowner Member, or Tenant Member and/or such spouse which spouse and children are actually residing in the residential property of the Homeowner Member or Tenant Member located in the Subdivisions;

"**Homeowner Member**" means the registered owner or one of the registered owners of a residential property located in the Subdivisions who is a qualified Member of the Company;

"**Member**" means a person for the time being entered in the Register of Members;

"**Members**" means collectively all of the following, Homeowner Members, Rental Members, Family Members, or Tenant Members;

"**Month**" means calendar month;

"**Office**" means the registered office of the Company for the time being;

"**Recreational Facilities**" or "**McKenzie Lake Amenities**" means the lake and associated parklands, a number of ornamental parks and associated walkways, and the private lake access walkways for certain lots located near the lake, all of which are or will be situate on the Subdivisions;

"**Rental Member**" means the registered owner or one of the registered owners of a multi-family residential rental project located in the Subdivisions who is a qualified Member of the Company;

"**Restrictive Covenant**" means an instrument registered against a title to certain property located in the Subdivisions to restrict the use of such property for the better enjoyment and greater benefit of the Recreational Facilities by all the Members;

"**Secretary**" includes any person appointed to perform the duties of secretary;

"**Subdivisions**" means the residential subdivision lands in the South East portion of the City of Calgary and being generally called McKenzie Lake or Mountain Park subdivisions and being located generally in that area of the City of Calgary described as being East of the Bow River, immediately North of Stoney Trail and West of the Deerfoot Trail, which has been subdivided into residential communities and shall include to the extent set out herein the two subdivisions located in the immediate area called McKenzie Phase 1 and McKenzie Phase 2;

"**Tenant Member**" means a tenant actually renting a multi-family rental unit and residing therein that may or may not be owned by a Rental Member in accordance with these Articles and is located in the Subdivisions;

"**These Presents**" means and includes these Articles of Association, and any modification or alteration thereof for the time being in force;

"**Writing**" and "**Written**" includes printing, typewriting, lithographing and other modes of representing or reproducing words in visible form which, without restricting the generality of the foregoing shall include telex, telecopy or telegram; and

"**Voting Members**" means the members who are entitled to vote at meetings of the Company and shall be restricted to only Homeowner Members and Rental Members;

words importing the singular number include the plural number and vice versa; words importing the masculine gender shall include the feminine and words importing persons shall include corporations and companies.

## **REGISTERED OFFICE**

3. Subject to the provisions of the *Companies Act* (Alberta), the Company may, by ordinary resolution of the Directors change from time to time the place within the City of Calgary where the registered office of the Company is to be situated.

## **MEMBERS**

4. The subscribers hereto shall be Members until they resign. Every person owning a residential property or a rental project or being a tenant living in such residential property or rental project in the Subdivisions shall ipso facto be entitled to become a Member as long as such person so owns such residential property or rental project or such tenant lives in such residential property or rental project and shall forthwith cease to be a Member at any time a residential property or rental project in the Subdivisions is not owned by such person or that such person ceases to be a tenant therein. PROVIDED HOWEVER that the persons owning residential or rental properties or living therein as a tenant shall not be a Member until they agree, in writing to do so and the persons owning a residential property or rental project have allowed the registration of an Encumbrance and a Restrictive Covenant or an Easement against the title to their property confirming such membership, their obligations and their agreement to pay the annual rental charge. PROVIDED ALWAYS with reference to all residential or rental properties located in the Subdivisions:
  - (a) Where there is more than one such owner of a property, there shall be only one Voting Member who shall be the person designated as the Voting Member by all the owners of said property. In the absence of such designation the first person named as owner in the Certificate of Title or as Purchaser in an Agreement for Sale, shall be the Voting Member;
  - (b) Where a residential property is owned by a corporation the Voting Member shall be a person resident in said property and shall be designated by the corporation as the Voting Member;
  - (c) Where a residential property is occupied by a tenant such tenant may be designated as the Voting Member by and instead of the owner of such property;
  - (d) Where a rental project is involved the registered owner shall be the Voting Member and notwithstanding how many Tenant Members are residing in the rental project, it shall have only one (1) vote;
  - (e) Where the two existing multi-family rental projects located in McKenzie Phase 1 and McKenzie Phase 2 are concerned, if the registered owners thereof so determine and so advise the Association, the owners thereof need not become Members and the tenants thereof may each form an association for the purpose of becoming one Voting Member of the Association on such terms and conditions as are first agreed to by the Association;

- (f) Where, except as provided in subclause (e) above, the owner of the rental project first has become and maintains membership in the Association as a Rental Member, all the tenants of such rental project shall be entitled to become Members in the Association subject to them complying with the rules and regulations of the Association as well as any special rules and regulations put in place by the Board of Directors and dealing specifically with tenants of Rental Members, provided however, that the annual rental charge payable by the Tenant Member shall not exceed 75% of the appropriate annual rental charge payable by those Homeowner Members being in a similar location. The right to membership of a Tenant Member shall automatically cease either at the same time that their Rental Member ceases to be a Member or they cease to be a tenant in the rental project in question;
- (g) Where a condominium project is located in the Subdivisions all the individual owners of the condominium properties shall be entitled to become Members;
- (h) Where there is any difficulty or dispute in determining the Voting Members, the Directors in their absolute discretion may designate the Voting Member, the intention being that there be one Voting Member from each residential property or rental project in the Subdivision and except for a Rental Project, the Voting Member shall be a natural person resident in the Subdivisions;
- (i) Membership is not transferable by a Member but is appurtenant to ownership and residence as herein set out; and
- (j) Where rental projects are developed in such a location that gives the tenants direct unrestricted access to the lake portion of the McKenzie Lake Amenities the registered owner of such rental project shall be required to pay the appropriate rental charge for each residential unit located in such rental project subject to the right of the Board of Directors to make special arrangements with such owner relative to rental vacancies.

## **REGISTER OF MEMBERS**

5. A Register of Members in such form as the Board may approve shall be maintained in which shall be recorded the names and addresses of all Members. The Register shall be amended from time to time so that all Members are listed in such register. Amendments to such register may be made by the Board at any time and from time to time of its own volition or upon presentation to the Company of evidence acceptable to the Board. Upon amendment as aforesaid there may be charged a fee as set by the Board from time to time.

## **REGISTER OF RENTAL MEMBERS AND TENANT MEMBERS**

6. A register of Rental Members and Tenant Members shall be maintained in such form as the Board may approve, in which shall be recorded the names and addresses of all Rental Members and their tenants who by properly complying with the requirements of membership become Tenant Members. As is stated in Article 4(e) above, the tenants of the two existing multi-family rental projects may become Members if the registered owner of their rental project so determines and in such event the registered owner of the rental project need not become a Member. The Company shall attempt to establish a

workable procedure where by it is notified when Tenant Members cease to be tenants of a rental project located in the Subdivisions. The register shall be amended from time to time so that all Rental and Tenant Members are listed in such register. Amendments to such register may be made by the Board at any time and from time to time of its own volition or upon presentation to the Company of evidence acceptable to the Board. Upon an amendment being made as aforesaid there may be charged a fee as set by the Board from time to time.

#### **REGISTER OF FAMILY MEMBERS**

7. A register of Family Members shall be maintained in such form as the Board may approve, in which shall be recorded the names and addresses of all Family Members. The register shall be amended from time to time so that all Family Members are listed in such register. Such amendment may be made by the Board at any time and from time to time of its own volition or upon presentation to the Company of evidence acceptable to the Board. Upon amendment as aforesaid there may be charged a fee as set by the Board from time to time.

#### **MEMBERSHIP CARDS**

8. Every Member shall be issued periodically with a Membership Card as determined by the Directors. The Membership Cards shall remain the property of the Company. If a Membership Card is lost it shall be replaced by the Company, provided however that there may be charged a fee as set by the Board from time to time as a condition to delivery of such replacement Membership Card.

#### **RIGHTS OF ALL MEMBERS**

9. Members shall have access to and be entitled to the use of the Company's Recreational Facilities in common with all Members subject to suspension of such rights:
  - (a) For breach of any Rule or Regulation for the conduct of Members; and
  - (b) For default by any Member in payment of any fees, dues, deposits or other sum owing to the Company.

#### **MEMBERS' MEETINGS**

10. The first annual general meeting of the Company shall be held at such time, within sixteen (16) months from the date on which the Company is incorporated and at such place as the Directors may determine. Subsequent annual general meetings shall be held at least once in every calendar year and not more than sixteen (16) months after the holding of the last preceding general meeting, at such time and place as may be determined by the Directors.
  - (a) The general meetings referred to in the preceding clause shall be called annual general meetings, and all other meetings of the Company shall be called special general meetings. All meetings of Members shall be held in the City of Calgary, in the Province of Alberta;

- (b) No Family Member shall be entitled to notice of or to attend any meeting, general, special or otherwise of the Company; and
  - (c) Only Voting Members shall be entitled to vote, or propose, or second resolutions at meetings of the Members.
11. The Directors may, whenever they think fit, proceed to convene a special general meeting of the Company.
  12. Where it is proposed to pass a special resolution, such notice as is required to be given by the Companies Act (Alberta), and in all other cases at least ten (10) days' notice specifying the day, hour and place of every Voting Members' meeting, and in case of special business the general nature of such business, shall be served in one of the manners hereinafter provided on the Voting Members registered in the Members' register at the time such notice is served or if a record date has been fixed by the Directors, on the Members registered in the Register of Members at the record date as so fixed. PROVIDED ALWAYS that a meeting of the Members may be held for any purpose, at any time and at any place without notice, if all the Voting Members entitled to notice of such meeting are present in person or represented thereat by proxy or if the absent Voting Members shall have signified their assent in writing to such meeting being held. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any Voting Member or the duly appointed proxies of a Voting Member. It shall not be necessary to give notice of any adjourned meeting.
  13. Irregularities in the notice of any meeting or in the giving thereof or the accidental omission to give notice of any meeting or the non-receipt of any notice by any Voting Member or Voting Members, shall not invalidate any resolution passed or any proceedings taken at any meeting or shall not prevent the holding of such meeting.

#### **PROCEEDINGS AT MEMBERS' MEETINGS**

14. All business shall be deemed special that is transacted at a special general meeting and all that is transacted at an annual general meeting, with the exception of consideration and approval of the financial statements and the ordinary report of the Directors, auditors, and other officers, the election of Directors, the appointment of auditors, the fixing of the remuneration of the auditors and the transaction of any business which under these presents ought to be transacted at a general meeting. Special business or a special resolution may be passed at an annual general meeting provided the requisite notice has been given.
15. No business shall be transacted at a general meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, the lesser of twenty (20) Voting Members, ten per centum (10%) of the Voting Members either personally present or represented by proxy shall be a quorum.
16. The President, or in the President's absence the Vice-President (if any), shall be entitled to take the chair at every general meeting, or if there be no president or vice-president, or if at any meeting neither are present within fifteen (15) minutes after the time appointed for holding such meeting, the Voting Members present shall choose another Director as Chairperson, and if no Director be present, or if all the Directors present decline to take the chair, then the Voting Members present shall choose one of their

number to be Chairperson. The Chairperson at any meeting of Voting Members may appoint one or more persons who are Voting Members to act as scrutineers.

17. If within fifteen (15) minutes from the time appointed for the meeting a quorum is not present, the Voting Members personally present or represented by proxy, shall be a quorum;
18. Every question submitted to a meeting shall be decided in the first instance by a show of hands or otherwise as the Chairperson may direct and in the case of an equality of votes the Chairperson shall, both on a show of hands or otherwise have a casting vote in addition to the vote to which the Chairperson may be entitled as a Voting Member.
  - (a) At any meeting unless a poll is demanded by the Chairperson or by one-tenth (1/10) of the Voting Members present a declaration by the Chairperson that a resolution has been carried or carried by a particular majority, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
  - (b) If a poll is demanded as aforesaid it shall be taken in such manner and at such time and place as the Chairperson of the meeting directs and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.
19. The Chairperson of a general meeting may, with the consent of the meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### **VOTES OF VOTING MEMBERS**

20. On a show of hands every Voting Member present in person, including the proxy or representative of a Voting Member shall have one vote.
21. Votes may be given either personally or by a nominee appointed by a proxy.
22. A proxy shall be in writing in any effectual form under the hand of the appointer or the appointer's attorney duly authorized in writing, and need not be attested. A person appointed proxy must be a Voting Member.
23. No proxy shall be valid after the expiration of twelve (12) months from the date of its execution unless it is otherwise specified in the instrument.
24. The proxy shall be deposited at the registered office of the Company or such other place as may be specified in the notice of meeting not less than twenty-four (24) hours before the time for holding the meeting at which the person named in the instrument proposes to vote. If there is any default in this procedure for the deposit of such proxy it shall not be treated as valid.

25. No Voting Member shall be entitled to be present or to vote on any question, either personally or by a nominee appointed by a proxy, or as the nominee appointed by a proxy for another Voting Member at any general meeting, or upon a poll, or to be reckoned in a quorum whilst any sum due or payable to the Company by such Voting Member shall remain unpaid for at least forty-five (45) days following a written request for payment of same.

### **BORROWING POWERS**

26. The Directors may from time to time at their discretion raise or borrow money for the purposes of the Company's business, including without limiting the generality of the foregoing, for capital asset acquisitions, and repairs and maintenance of McKenzie Lake Amenities, in amounts in the aggregate not exceeding TWO HUNDRED AND FIFTY THOUSAND (\$250,000.00) DOLLARS at any one time.

### **DIRECTORS**

27. Until otherwise determined by a general meeting, the number of Directors shall be not less than three (3) or more than fifteen (15).
28. The subscribers hereto shall be the first Directors of the Company.
29. The Directors shall have power from time to time and at any time, to appoint any other person or persons as a Director or Directors, either to fill a casual vacancy or vacancies or as an addition or additions to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles or by a general meeting.
30. A Director must be a Voting Member of the Company or a spouse of a Voting Member of the Company.
31. The Directors shall not be paid out of the funds of the Company by way of remuneration for their services as Directors.
32. A Director may retire from office upon giving five (5) days' notice in writing to the Company of their intention to do so, and such resignation shall take effect upon the expiration of such notice or its earlier acceptance.
33. The office of a Director shall *ipso facto* be vacated:
  - (a) If they are found or become of unsound mind;
  - (b) If they are removed before the expiration of their term of office pursuant to Article 39;
  - (c) If they are found guilty of, or charged with an offence under the Criminal Code (Canada);
  - (d) If they become bankrupt;

- (e) If they are concerned with or participated in the funds or the benefits of any contract with the Company without providing disclosure of their interest and/or without recusing themselves from any discussion or vote in any matter relating to the contract;
  - (f) Except where compelled to do so by a competent governmental or judicial authority, if they are found by a majority of the Directors acting reasonably (excluding the Director in question) to have disclosed confidential or proprietary information of the Company to a third party;
  - (g) If they are found, by a majority of the Directors acting reasonably (excluding the Director in question) to have conducted themselves amongst or towards their co-directors, staff and personnel, employees, Members or the public, in a manner that is verbally or physically abusive, harassing, demeaning, or humiliating, or if they have acted in any other manner that is unethical, unlawful or repugnant; or
  - (h) In the absence of validated special circumstances for which prior notice was given to the Board of a Director's non-attendance, if a Director fails to attend three (3) consecutive Board meetings or four (4) or more Board meetings in any twelve (12) month period.
34. A Director may hold any office or place of profit under the Company and may contract with the Company either as a consultant, advisor, vendor, purchaser or otherwise (the "Arrangement"), provided:
- (a) Such Director has first disclosed the potential conflict of interest to the Board;
  - (b) If the Arrangement is approved by the Board, that such Director recuses themselves from all discussions in respect of the subject matter of the Arrangement; and
  - (c) Such Director does not vote in respect of any decisions to be made by the Board in respect of the Arrangement.
35. Subject to Articles 27 and 30, until otherwise determined by the Voting Members at a general meeting, at each annual general meeting all of the Directors, howsoever appointed or elected, shall retire from office. A retiring Director shall retain office until the dissolution of the meeting at which that Director's successor is elected. If at any general meeting at which an election of Directors ought to take place, no such election takes place, the retiring Directors shall continue in office until the annual general meeting in the next year, and so on from year to year until their places are filled up, unless it shall be determined at such meeting to reduce the number of Directors.
36. A retiring Director shall be eligible for re-election.
37. The Company at every annual general meeting shall fill up the vacated offices by electing a like number of persons to be Directors, or in case any change in the number of Directors is made at any such meeting by electing the number of persons to be Directors as may be fixed by such meeting.

38. The Company may, by special resolution, at any time remove any or all of the Directors before the expiration of their period of office and by ordinary resolution appoint another or other qualified person or persons in their stead; and the person or persons so appointed shall hold office during such time only as the Director or Directors in whose place they are appointed would have held the same if they had not been removed.

#### **REGISTER OF DIRECTORS AND MANAGERS**

39. The Directors shall duly comply with the provisions of the Companies Act (Alberta), or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the keeping of the registers of the Directors and managers and their addresses and occupations, the signing of the balance sheet, the filing with the Registrar of Corporations an annual report and copies of special and other resolutions and of any change in the registered office or of Directors and, where applicable, the mailing of a form of proxy and the issuing of information circulars.

#### **PROCEEDINGS OF DIRECTORS**

40. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings, and may declare the quorum necessary for the transaction of business, but until the Directors make such determination, one-half of the Directors shall be a quorum.
41. Meetings of the Board of Directors shall be held in the City of Calgary, in the Province of Alberta unless the Directors otherwise agree. The Directors may make regulations in regard to the manner and time that notice shall be given of such meetings. Until such regulations are made, meetings of the Board may be held at any time without formal notice if all the Directors are present or those absent have signified their consent in writing or by electronic transmission to the meeting being held in their absence; and notice of any meeting where notice has not been dispensed with, delivered, or mailed or electronically transmitted to each Director at their ordinary mailing, residential or electronic address two (2) days prior to such meeting, shall be sufficient notice of any meeting of the Directors. In computing such period of two (2) days the day on which such notice is delivered, mailed or electronically transmitted shall be included, and the day for which notice is given shall be excluded. Notice of any meeting, or irregularity in any meeting or in the notice thereof, may be waived by any Director. The Directors may by resolution appoint a regular time and place for meetings, and no further or other notice of such time and place than the entry of such resolution upon the minutes of the meeting at which it was passed shall be necessary. Immediately upon the conclusion of the annual general meeting a meeting of the Directors shall be held and no notice of such meeting shall be necessary.
42. Any Director may participate in a meeting of the Board of Directors by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and a Director participating in a meeting pursuant to this article shall be deemed to be present in person at that meeting and the meeting shall be deemed to have been held at such place in Canada as the Directors may from time to time determine.
43. The President may, or the Secretary shall at the written request of not less than Twenty Five (25%) percent of the Directors, at any time convene a meeting of Directors.

44. Questions arising at any meeting of Directors shall be decided by a majority of votes, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
45. The continuing Directors may act notwithstanding any vacancy in their number; but if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the Company as the necessary quorum of Directors, the continuing Directors may act only for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company, but for no other purpose.
46. The Directors may approach one of their number to be Chairperson of the Board of Directors, and in the absence of such appointment the president for the time being of the Company shall be Chairperson of the Board. If the Chairperson is not present at any meeting at the time appointed for holding the same, the Directors present shall choose someone of their number to be Chairperson of such meeting.
47. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally.
48. The Directors may delegate any of their powers to committees consisting of such one or more Member or Members of the Board as they think fit and may from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated conform to any regulations from time to time imposed upon it by the Directors.
49. The meetings and proceedings of any such committee consisting of two (2) or more Members of the Board shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, including the appointment of a quorum, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the preceding clause.
50. All acts done at any meeting of the Directors, or of a committee of Directors or any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
51. A resolution in writing, signed by all of the Directors, including by means of electronic signatures pursuant to the requirements of the Electronic Transactions Act (Alberta), without their meeting together, (which may be executed in several counterparts) shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, and shall be applicable as at the date stated therein as the effective date thereof.

## **MINUTES**

52. The Directors shall cause minutes to be duly entered in books provided for the purpose:
  - (a) of all appointments of officers;

- (b) of the names of Directors present at each meeting of the Directors and of any committee of Directors;
- (c) of all resolutions made by the Directors and committees of Directors; and
- (d) of all resolutions and proceedings of general meetings;

and any such minutes of any meetings of the Directors or of any committee of Directors, or of the Company, if purporting to be signed by the Chairperson of such meeting, or by the Chairperson of the next succeeding meeting, shall be receivable as *prima facie* evidence of the matters stated in such minutes.

### **POWERS OF DIRECTORS**

53. Subject to Articles 55 and 56 below, the management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by statute expressly directed or required to be exercised or done by the Voting Members in general meeting; and without restricting the generality of the foregoing the Directors shall exercise general supervision of the affairs of the Company and may from time to time make rules and regulations in relation to the Company, and may at any time in like manner annul or vary any rules and regulations so made, and all rules and regulations so made and for the time being in force shall be binding on the Members of the Company, and shall have full effect accordingly; and it is expressly declared that the following shall be deemed to be rules and regulations in relation to the Company within the meaning of this clause, that is to say, regulations:

- (a) As to proof required from persons claiming to be eligible to be the Members, Family Members, Rental Members and Tenant Members;
- (b) As to the annual, quarterly or other subscriptions or payments to be payable by the Members of the Company;
- (c) As to honorary Members (if any) and visitors and guests;
- (d) As to the manner in which use of the Company's facilities, Members may be suspended or terminated;
- (e) As to the use of the Company's facilities by Members; and
- (f) As to committees of Members in connection with the management of the Company, and as to the appointment, removal, qualification, disqualification, duties, functions, powers and privileges of members of such committees.

### **OFFICERS**

54. The Executive Officers of the Company shall consist of a president, a secretary and a treasurer, or a secretary-treasurer and other officers who are not Executive Officers may be appointed from time to time as the Directors may determine at their discretion. Any one person may fill more than one of the above offices. Such persons holding such

offices, besides fulfilling any duties assigned to them by the Directors, shall have such powers as are usually incidental to such offices.

55. From and after the annual general meeting in 2020, only Directors who have served a minimum of two (2) consecutive years on the Board shall be eligible to be appointed as Executive Officers, and the Executive Officers shall be appointed by the Board from amongst their own numbers.
56. Subject to Article 55, the president shall be elected by the Board from amongst their numbers. The secretary and the treasurer or secretary-treasurer of the Company shall be appointed by the Board from amongst their numbers. The Board may appoint an assistant to the secretary, who shall be empowered to act in the absence of or under the direction of the secretary in the performance of the duties of the secretary. The Directors may appoint a temporary substitute for any of the above officers, who shall for the purposes of these presents be deemed to be the officer for the position such Officer occupies.
57. Any Executive Officer of the Company shall be entitled to attend any meeting of Members.

#### **SEAL**

58. The Company shall have a corporate seal which shall be of such form and device as may be adopted by the Directors, and the Directors may make such provisions as they see fit with respect to the affixing of the said seal and the appointment of a Director or Directors or other persons, to attest by their signatures that such seal was duly affixed.

#### **NO DIVIDENDS**

59. As the Company is formed solely for the purpose of promoting recreation and social communication amongst its Members and it is the intention of the Company to apply the profits, if any, or any other income of the Company in promoting its objects and as the Company is not formed with gain for its object no dividend whatsoever and no part of the income of the Company shall be divided among, payable to or be available for the personal benefit of any of the Members of the Company.

#### **RESERVES AND FUNDS**

60. The Directors may set aside any of the profits of the Company to create a reserve or reserves to provide for maintaining the property of the Company, replacing the wasting assets, meeting contingencies, forming an insurance reserve or for any other purposes whatsoever for which the profits of the Company may be lawfully used. The Directors may also carry forward to the accounts of the succeeding year or years any profit or balance of profit which they shall not think fit to place in such reserve.
61. The Directors may create a fund or funds out of the assets of the Company not greater in amount than the reserve or reserves as hereinbefore provided for and may apply the fund or funds either by employing them in the business of the Company or investing them in such manner as they shall think fit, and the income arising from such fund or funds shall be treated as part of the profits of the Company for the year in which such income arose. Such funds may be applied for the purpose of maintaining the property of

the Company, replacing the wasting assets, meeting contingencies, forming an insurance fund or for any other purpose for which the profits of the Company may lawfully be used.

62. The Directors may from time to time increase, reduce or abolish any reserve or reserve fund in whole or in part and may transfer the whole or any part to surplus.

#### **OPERATING COSTS OF COMPANY**

63. "**Costs**" and "**Operating Costs**" means the total amount of annual economic resources required to:
- (a) maintain, repair and replace the Recreational Facilities;
  - (b) to acquire additional assets as deemed necessary or advisable to enhance the Recreational Facilities;
  - (c) to service liabilities arising from time to time in relation to the Recreational Facilities; and
  - (d) to sustain commercially reasonable reserves, as determined by the Board of Directors, for future anticipated as well as future unforeseen expenditures in respect of the Recreation Facilities.
64. The Directors shall implement a procedure to monitor and to determine the Costs of operating the Recreational Facilities.
65. The net amount of these Costs (after deduction of all anticipated revenue) shall be collected by assessing the Members as has been provided for in the Encumbrances.
66. The Encumbrances establish different percentages of contribution by the different groups represented in the Members.
67. If the resulting contributions received do not result in sufficient income to pay the Costs of the Company, then the Directors shall increase its income in the following manner:
- (a) if necessary, they shall borrow, on a short term basis any funds required to meet the Operating Costs cash deficiency being experienced;
  - (b) they shall present a full report on the Operating Costs cash deficiency to the next annual meeting of the Company together with their recommendations for increasing the income of the Company including if so determined by the Directors increasing the annual rental charges to the Homeowner Members, the Rental Members and the Tenant Members;
  - (c) if they determine that addressing such deficiency should not await the next ensuing Annual Meeting, they shall call an extraordinary meeting of the Company to consider the matter;

- (d) any increase in the annual rent charges shall only be increased in the same ratio that the existing rental charges have one to another as contained in the Encumbrances in existence at the time of the meeting;
- (e) the Homeowner Members, Rental Members, and Tenant Members shall be bound by the decision of the Voting Members passed in accordance with these Articles and agree to the amendment of their Encumbrance in accordance with the decision of such meeting; and
- (f) if any Encumbrance has been foreclosed off of the title to the lot of a Member or has otherwise been taken off such title or if pursuant to a meeting of the Members, it has been agreed to register a new Encumbrance or a Caveat giving notice of the change, the Homeowner Member or Rental Member agrees either to enter into any requested new Encumbrance to be registered against the title to the Member's property or agrees to the filing of a Caveat as referred to above and if the Member delays, fails, or refuses to complete the new Encumbrance the Company is hereby appointed as the Member's attorney to sign and deliver such new Encumbrance in the Member's place and stead.

## ACCOUNTS

- 68. The Directors shall cause true accounts to be kept of the sums of money received and disbursed by the Company and the manner in respect of which said receipts and disbursements take place, of all sales and purchases by the Company and of the assets and liabilities of the Company and of all other transactions affecting the financial position of the Company.
- 69. The books of account and accounting records shall be kept at the registered office of the Company or, subject to the limitations of the *Companies Act* (Alberta) in this regard, at such other place or places as the Directors think fit, and shall be open to inspection of the Directors.
- 70. The Directors shall from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts and books of the Company, or any of them shall be open to the inspection of any of the Members not being Directors, and none of the Members (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Directors or by the Company in general meeting.
- 71. The Directors shall lay before each annual meeting of the Voting Members a financial statement and the report of the auditor to the Voting Members thereon. The financial statement shall:
  - (a) be approved by the Board of Directors and signed by two (2) of them;
  - (b) be for a period that ended not more than six (6) months before the annual meeting;
  - (c) be subject to the provisions of the *Companies Act* (Alberta), contain a comparative statement (except in the case of the first statement) relating separately to the latest completed financial year preceding it; and

- (d) be made up of:
  - (i) a statement of profit and loss for each period,
  - (ii) a statement of surplus for each period,
  - (iii) subject to the provisions of the *Companies Act* (Alberta) a statement of source and application of funds for each period, and
  - (iv) a balance sheet as at the end of each period with each statement containing the information required by the *Companies Act* (Alberta) to be disclosed in such statements.
- 72. Subject to the provisions of the *Companies Act* (Alberta) a condensed copy of the financial statements and of the auditor's report shall be sent to each Homeowner Member and Rental Member, by prepaid post or by electronic transmission, ten (10) days or more before the date of the annual meeting, and a full version shall be made available on request.
- 73. Subject to the provisions of the *Companies Act* (Alberta), a comparative six-month interim financial statement shall be made available to each Homeowner Member and Rental Member as required by the *Companies Act* (Alberta).

## **NOTICES**

- 74. Any notice may be served by the Company on any of the Members either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such Member or by delivering by prepaid courier to such person at their street address as the same appears in the books of the Company, or by transmitting electronically to the Member at an electronic address provided by the Member, in accordance the Electronic Transactions Act (Alberta) or if no address of the Member is given in the books of the Company, to the last address of such person known to the secretary. If no address is known to the secretary a notice posted up in the registered office of the Company shall be deemed to be well served on such person upon it being so posted up, and any notice sent by post shall be deemed to have been served on the day on which the envelope or wrapper containing the same is posted, and any notice transmitted electronically shall be deemed to be well served on such person, when the sender transmits the notice via the electronic transmittal system and the notice becomes capable of being retrieved and processed by the addressee. With respect to every notice sent by post, it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and put into one of Canada Post Corporation's letter boxes.
- 75. Any notice or document delivered by courier, transmitted electronically, or sent by post or left at the address of any of the Members as the same appears on the books of the Company or posted in the registered office of the Company as hereinbefore provided shall, notwithstanding such person be then deceased and whether or not the Company has notice of their demise, be deemed to have been duly served until some other person is entered in their stead in the books of the Company as one of the Members, and such service shall for all purposes be deemed a sufficient service of such notice or document on the heirs, executors or administrators of the deceased Member and on all persons interested with any one of such Members.

76. The signature on any notice to be given by the Company may be written, stamped, typewritten or printed or produced by such electronic means as may fulfill the requirements of the Electronic Transactions Act (Alberta) or otherwise permitted by law, or partly written, stamped, typewritten or printed.
77. Where a given number of days notice or a notice extending over any other period is required to be given, the day of service of the notice and the day for which notice is given shall, unless it is otherwise provided, be counted in such number of days or other period.
78. A certificate of the secretary or other duly authorized officer of the Company in office at the time of the making of the certificate as to the facts in relation to the mailing or transmitting or delivery or posting up of any notice to any Member, Director or officer or publication of any notice, shall be prima facie evidence thereof and shall be binding on every one of the Members, and a Director or officer of the Company, as the case may be.
79. It shall not be necessary for any notice to set out the nature of the business which is to come before a meeting of the Directors and it shall not be necessary for any notice to set out the business which is to come before a meeting of the Voting Members unless the same is special business.
80. A special general meeting and the annual general meeting may be convened by one and the same notice, and it shall be no objection to the said notice that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

## **RECORD DATE**

81. The Directors may fix a time in the future not exceeding thirty (30) days preceding the date of any meeting of Voting Members as a record date for the determination of the Voting Members entitled to notice of, and to vote at, any such meeting, and only the Voting Members of record in the Register of Members at the close of business on that date so fixed shall be entitled to such notice of, and to vote at, such meeting, notwithstanding any change of Voting Members on the Register of Members after any such record date fixed as aforesaid.

## **INDEMNITY**

82. Except as otherwise hereinafter provided every Director and officer of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors, out of the funds of the Company, to pay all losses and expenses which any such Director or officer shall incur or become liable to by reason of any contract entered into or act or thing done by them as such Director or officer, or in any way in the discharge of their duties.
83. Any person made a party to any action, suit or proceedings by reason of the fact that they, their testators or intestates, is or was a Director or officer of the Company, or of any corporation which is served by such Director or officer as such at the request of the Company, shall be indemnified by the Company against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by them in connection with

the defence of such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceedings that such Director or officer is liable for gross negligence or similar misconduct in the performance of their duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such Director or officer may be entitled. None of the provisions hereof shall be construed as a limitation upon the right of the Company to exercise its general power to enter into a contract or undertaking of indemnity with or for the benefit of any Director or officer in any proper case not provided for herein.

84. No Director or officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for the loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by an error of judgment or oversight on their part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of their office or in relation thereto, unless the same happen through their own dishonesty, or unless it is otherwise provided in a contract of service with such Director or officer.