

REDSTONE LAKE COTTAGERS ASSOCIATION
(the "Association")

AMENDMENT TO BY-LAW NUMBER ONE
("Amendment to By-Law No. 1")

The following amendments to By-Law Number One of the Association dated 29th day of July, 1961 ("**By-Law No. 1**") are hereby enacted:

- A. The first sentence in paragraph 2 of By-law No. 1 under the heading "BOARD OF DIRECTORS" is deleted and replaced with the following:

"2. The affairs of the Association shall be managed by a board of five directors, each of whom at the time of his or her election and throughout his or her term of office shall be a member of the Association in good standing."

- B. Paragraph 4 of By-Law No. 1 under the heading: "QUORUM AND MEETINGS, BOARD OF DIRECTORS:" is deleted and replaced with the following:

"4. A majority of the directors shall form a quorum for the transaction of business at a directors meeting. No formal notice of any such meeting shall be necessary if all the directors are present or if those absent signify at any time their consent in writing to the holding of the meeting in their absence. Minutes and/or resolutions signed by all the directors shall have the same force and effect as if approved at a directors meeting.

Directors meetings may be called at any time and held at any place and time on notice by the President or Vice-President or by the Secretary on the direction of the President or the Vice-President, or by the Secretary on the direction in writing of two directors. Notice of such meetings shall be delivered in accordance with paragraph 25 herein. Notice of the meetings shall be given not less than one Business Day before the meeting is to take place. The statement of the Secretary or the President that notice has been given pursuant to this by-law shall be sufficient and conclusive evidence of the giving of such notice. Notice may be waived or the time for the notice may be waived or abridged at any time with the consent in writing of any director entitled thereto. The board of directors may fix the place and time of regular directors meetings and upon sending a copy of the resolution fixing the place and time of such regular meetings to each director, no further notice need be sent. A directors meeting may also be held, without notice immediately following the annual general meeting of the members of the Association.

The directors may consider or transact any business either special or general at any meeting of the board. If all of the directors consent, a director may participate in a directors meeting or in a committee of directors meeting by telephonic or electronic means that permits all participants to communicate adequately with each other during the meeting. A director participating by such means is deemed to be present at that meeting.

The board of directors may pass such practices, procedures, and/or other governing instruments (collectively the "**Policies**") as determined by the board of directors acting prudently, provided such Policies do not contravene the provisions of the letters patent of the Association, the by-laws of the Association, the resolutions of the Association's board of directors and the resolutions of the Association's members (collectively the

“**Governing Documents**”) and in the event of any conflict between any provision of any Policy and any Governing Document, the Governing Document shall govern.”

- C. Paragraph 9 of By-Law No. 1 under the heading: “OFFICERS OF ASSOCIATION:” is deleted and replaced with the following:

“9. There shall be a President, a Vice-President, a Secretary and a Treasurer or in lieu of a Secretary and Treasurer, a Secretary-Treasurer, a Membership Coordinator and such other officers as the board of directors may determine by by-law from time to time. One person may hold more than one office except the offices of President and Vice-President. The President and Vice-President shall be elected by the board of directors from amongst their number at the first meeting of the board after the annual election of such board of directors, provided that in default of such election the then incumbents, being members of the board shall hold office until their successors are elected. The other officers of the Association need not be members of the board and in the absence of written agreement to the contrary the employment of all officers shall be settled from time to time by the board.”

- D. Paragraph 11 of By-Law No 1 under the heading: “DUTIES OF SECRETARY:” is deleted and replaced with the following:

“11. The Secretary shall be ex-officio clerk of the board of directors. He or she shall attend all sessions of the board of directors and record all facts and minutes of all proceedings in the books kept for that purpose. The Secretary shall prepare and give all notices required to be given to the directors. He or she shall be the custodian of all books, papers, records, correspondence, contracts and other documents belonging to the Association, save and except such membership records maintained by the Membership Coordinator and financial records maintained by the Treasurer, (collectively the “**Records**”), which Records he or shall deliver up only when authorized by a resolution of the board of directors to do so and to such person or persons as may be named in the resolution. The Secretary shall perform such other duties as may from time to time be determined by the board of directors.”

- E. The following is added to By-law No. 1 as new Paragraph 12A after Paragraph 12:

“DUTIES OF MEMBERSHIP COORDINATOR

12A. The Membership Coordinator shall keep a record of all matters pertaining to membership of members in the Association including without limitation all applications for membership, contact information for all members, records of payments made for membership by members, a list of all general members, associate members and members not in good standing and information relating to changes in membership of a member by reason of suspension, termination or withdrawal. The Membership Coordinator shall report to the board of directors from time to time as requested by the board of directors on membership matters, as more particularly requested by the board of directors. The Membership Coordinator shall prepare and give all notices required to be given to members, as directed by the board of directors. The Membership Coordinator shall perform such other duties as may from time to time be determined by the board of directors.”

- F. Paragraph 16 of By-Law No. 1 under the heading: “MEMBERSHIP:” is deleted and replaced with the following:

“16. The membership of the Association shall consist of such qualified applicants as are admitted as members by the board of directors or if delegated by the board of directors by resolution, by the Membership Coordinator. There are two categories of membership in the Association, being general members and associate members. A “general member” and an “associate member” each have the same obligations, rights, entitlements and benefits of membership in the Association: (a) save and except that a “general member” has the right to vote at all members’ meetings and an “associate member” may attend and participate at all members’ meetings but may not vote at such members’ meetings; and (b) save and except as otherwise expressly set forth in this by-law. Any reference in this by-law to a vote by a member or members shall mean a vote by a general member or general members only.

A “*qualified applicant*” means an applicant who meets all the following criteria:

- (a) The applicant is an individual, corporation, partnership or other legal entity (each being a “**Person**”) who has an ownership interest, in whole or in part, (a “**Property Interest**”) in a property with a unique property assessment roll number, located near or around a shoreline of Redstone Lake, Little Redstone Lake, Pelaw Lake, Burdock Lake or Bitter Lake in the County of Haliburton, Province of Ontario (a “**Qualified Property**”);
- (b) The applicant is at least 18 years of age;
- (c) The applicant agrees to abide by the Governing Documents; and
- (d) The applicant has fully completed, signed and submitted an application for membership in the Association (the “**Application**”) to the board of directors or if delegated by the board of directors by resolution, to the Membership Coordinator, in the form prescribed by resolution passed by the board of directors.

The board of directors will determine whether a property is “located near or around a shoreline” of Redstone Lake, Little Redstone Lake, Pelaw Lake, Burdock Lake or Bitter Lake (collectively the “**Redstone Lakes**”).

There shall be one and only one general member for each Qualified Property. If a qualified applicant has a Property Interest in more than one Qualified Property, such applicant may be a general member for each such Qualified Property and such general member may exercise a vote for each Qualified Property in respect of which he or she is a general member, provided all other criteria set forth in this by-law are met.

There may be more than one associate member for each Qualified Property in addition to a general member for such Qualified Property. If a qualified applicant (the “**Second Applicant**”) applies to be a general member and there is already a general member for the same Qualified Property, the Membership Coordinator shall advise the Second Applicant and the Membership Coordinator shall offer the Second Applicant associate membership. At the option of the Second Applicant, the Second Applicant may accept the offer of associate membership or the Second Applicant may withdraw its application for membership, at its option. If the Second Applicant does not exercise its option within 10 days of such offer of associate membership, the Second Applicant will be deemed to have withdrawn its application for membership.

Subject to the immediately preceding paragraph, if the applicant is a qualified applicant, the board of directors or if delegated by the board of directors by resolution, the Membership Coordinator will accept the qualified applicant as a member in the Association. Each member shall promptly be informed by the Membership Coordinator of it, his or her admission as a general member or associate member, as applicable, once such membership has been granted. A membership in the Association is not transferable.

Upon ten Business Days' written notice to a member, the board of directors may pass a resolution authorizing disciplinary action of a member within the scope of the Governing Documents or the termination of membership of a member if such member has violated any provision of the Governing Documents. The notice shall set out the reasons for the disciplinary action or termination of membership. The member receiving the notice shall be entitled to give the board of directors a written submission opposing the disciplinary action or termination, not less than five Business Days before the end of the said ten Business Days' period. The board shall consider the written submission of the member before making a final decision regarding disciplinary action or termination of membership.

If an annual membership fee for a general member in respect of a Qualified Property remains due and outstanding on the 30th day of September in any Membership Year, the general member and all associate members for such Qualified Property, if any (collectively the "**Defaulting Members**") shall be in violation of this by-law and as of such date, all membership rights and benefits of the Defaulting Members in the Association that arise due to ownership of a property interest in the Qualified Property are suspended, including without limitation the right of the general member to vote at meetings of the members. Provided the membership of the Defaulting Members has not been terminated in accordance with subparagraph (a) below, upon the general member paying the due and outstanding annual membership fee, all rights and benefits of the Defaulting Members in the Association that arise due to ownership of a property interest in the Qualified Property shall be automatically restored.

A member's membership in the Association is automatically terminated without further action required by the board of directors or an officer of the Association upon the occurrence of any of the following events:

- (a) if a general member fails or omits to pay its annual membership fee when due as set out in paragraph 17 and such annual membership fee remains outstanding as of June 30th of the year following the Membership Year (the "**Last Day of Membership**"), the membership in the Association of the general member and all associate members for the same Qualified Property, if any, shall automatically terminate as of the day after the Last Day of Membership;
- (b) if a member provides notice in writing to the Membership Coordinator that such member resigns his or her membership in the Association, the membership of the member shall automatically terminate as of the later of: (i) the date of termination set forth in the notice, if any; and (ii) the date of receipt of the notice by the Membership Coordinator;

- (c) if a member ceases to have a Property Interest in a Qualified Property, the membership of the member shall automatically terminate as of the day such Property Interest ceases;
- (d) in respect of each member who is an individual, a member's membership is automatically terminated upon the death of such member; and
- (e) if the Act provides for termination of membership, membership shall be terminated effective as of the date provided for by the Act.

Upon termination of membership of a general member pursuant to any of the subparagraphs above except subparagraph (a), if one or more associate members exist for the same Qualified Property, the longest participating associate member for such Qualified Property shall automatically become the general member for such Qualified Property as of the date of termination of membership of the original general member so long as such associate member continues to have a Property Interest in such Qualified Property.

For purposes of this by-law, the "Act" means the *Corporations Act* (Ontario) as it applies to not-for-profit corporations as amended, re-enacted, or replaced from time to time. Where the context requires, the "Act" includes the regulations made under it.

Notwithstanding termination of membership, such member shall remain liable for the payment of any membership fee, assessment or other sum levied or which became payable by him or her to the Association that arises before the date of termination and remains unpaid at the date of termination.

- G. Paragraph 17 of By-Law No. 1 under the heading: "DUES:" is deleted and replaced with the following:

"17. Subject to the balance of this paragraph, an annual membership fee is due and payable by each general member for each Qualified Property and for each Membership Year. "**Membership Year**" means a year commencing on January 1st and ending on December 31st in the same calendar year. The membership fee shall be in such amount as is set by the board of directors by resolution, as confirmed by the general members at a special or general meeting. The annual membership fee shall remain at the same amount each Membership Year until amended by the board of directors by resolution, as confirmed by the general members at a special or general meeting.

No membership fee is payable by associate members.

In 2018, the Membership Year shall comprise April 1st, 2018 to December 31st, 2018.

The Membership Coordinator shall notify each general member of the annual membership fee payable by notice (the "**Annual membership Fee Notice**") on or before November 1st prior to the commencement of each Membership Year. The annual membership fee for each general member for each Qualified Property is due on or before January 1st for each Membership Year."

- H. Paragraph 18 of By-Law No. 1 under the heading: "ANNUAL AND SPECIAL MEETINGS OF MEMBERS:" is deleted and replaced with the following:

“18. A special or any general meeting (including annual general meeting) of the members shall be held at a location in the County of Haliburton, Ontario on such day as the directors shall appoint. The only persons entitled to attend a meeting of the members are the members, the directors, the Accountant (as hereinafter defined), if any, others who are entitled or required under any provision of the Act or Governing Documents to attend and such other persons as may be admitted by the Chairman of the meeting.

Any member, upon request, shall be provided, not less than 5 Business Days before the annual general meeting, with a copy of any audit, review engagement report or other financial statements of the Association that are specified in the notice of meeting as items of business to be transacted at the annual general meeting.

The business transacted at the annual general meeting of members may include:

- (a) receipt of the agenda;
- (b) receipt of the minutes of the previous annual general meeting and subsequent special meetings and general meetings;
- (c) consideration of the financial statements of the Association;
- (d) report, if any, of the auditor or accountant (an “**Accountant**”), if any, who was appointed by the members at the previous annual general meeting of members to conduct an audit or prepare a review engagement report;
- (e) if proposed by the board of directors, the reappointment or new appointment of an Accountant to conduct an audit and/or prepare a review engagement report for the next ensuing Membership Year and consideration of the fixing of remuneration of same;
- (f) if proposed by the board of directors, an extraordinary resolution of the members exempting the Association from the requirement in the Act to appoint an Accountant to conduct an audit and/or prepare a review engagement report;
- (f) election of directors by members; and
- (g) such other or special business as may be set out in the notice of meeting.

No other item of business shall be included on the agenda for an annual general meeting unless a member’s proposal has been given to the Secretary prior to the giving of notice of the annual general meeting in accordance with the by-laws of the Association so that such item of new business can be included in the notice of annual general meeting.

The board of directors or the President or Vice-President shall have power to call at any time a special meeting of the members of the Association.

Subject to the Act, not less than 10 days notice of any general meeting (including an annual general meeting) or special members’ meeting shall be given in the manner specified in section 25 hereof to each member and to the Accountant, if any. Notice of any meeting where special business will be transacted must contain sufficient information to permit the members to form a reasoned judgment on the decision to be taken. Notice of each meeting must remind the general members of the right to vote by proxy. The statement of the Secretary or the President that notice has been given pursuant to this by-law shall be sufficient and conclusive evidence of the giving of such notice.

Any meetings of members may be held at any time and place without such notice if all the general members and associate members of the Association are present thereat or

represented by proxy duly appointed, and at such meeting any business may be transacted which the Association at any general or special meeting may transact. Minutes and/or resolutions signed by all the general members shall have the same force and effect as if approved at a members' meeting.

The board shall convene a special meeting on written requisition of not less than one-tenth of the members for any purpose connected with the affairs of the Association that does not fall within the exceptions listed in the Act or is otherwise inconsistent with the Act, within 21 days from the date of the deposit of the requisition with the President."

- I. Paragraph 21 of By-Law No. 1 under the heading: "VOTING MEMBERS:" is deleted and replaced with the following:

"21. At all meetings of the members of the Association where the business to be considered by the meeting concerns the general policy of the Association, including but without limiting the generality of the foregoing, the election or removal of directors, the passing or amending of any by-law, any matter involving the receipt or payment out of monies, subject to the balance of this paragraph 21, all members are entitled to receive notice of such meeting but the general members only shall be entitled to vote on such matters.

All general members in good standing shall be entitled to one vote each time a vote is called for at any special or general meeting (including an annual general meeting) of the members to the extent provided for in the by-laws of the Association. A general member in "good standing" is a general member who is in compliance with the Governing Documents and whose membership has not been suspended pursuant to this by-law. A general member who is not in "good standing" shall not be entitled to vote.

Each general member in good standing is entitled to vote by proxy. Each proxy holder must him or herself be a member in good standing and before voting must produce and deposit with the Membership Coordinator a sufficient appointment in writing of such proxy from his or her constituent or constituents.

At all meetings of members each time a vote is called for, such vote shall be decided by a majority of the votes of the general members in good standing present in person or represented by proxy unless otherwise required by the by-laws of the Association, or the Act. Every question shall be decided by a show of hands or as the Chairman may reasonably direct. The Chairman shall not have a vote unless there is a tie vote in which instance, the Chairman shall be entitled to a casting vote. Based on the votes cast, a declaration of the Chairman that a motion has been carried or lost and an entry to that effect in the minutes shall be conclusive evidence of the fact without proof of the number or proportion of votes recorded in favour of or against the motion."

- J. Paragraph 22 of By-Law No. 1 under the heading: "AUDITORS:" is deleted and replaced with the following:

"22. On the recommendation of the board of directors, one or more Accountants may be appointed as auditor of the financial records of the Association or to conduct a review engagement of the financial records of the Association, at each annual general meeting of the members of the Association. The Accountant, if appointed shall hold office until the next annual general meeting after their appointment or until their successors are appointed, unless previously removed by resolution at a special or general meeting of

members or by resolution of the board of directors. If the remuneration of the Accountant, if appointed, is not fixed at the annual general meeting of members then the remuneration of the Accountant shall be fixed by the board of directors of the Association.

The Accountant, if any, shall have a list delivered to them of all books kept by the Association and at all reasonable times shall have access to the books and the accounts of the Association. Subject to the Act, the Accountant, if any, shall make an annual financial report on an audit or review engagement basis, as applicable, to the members on the financial position of the Association.

No Accountant shall be appointed at an annual general meeting of the members of the Association if the members of the Association, by extraordinary resolution, exempt the Association from the requirement in the Act to appoint an Accountant at such annual general meeting.”

- K. Paragraph 23 of By-Law No. 1 under the heading: “FINANCIAL YEAR:” is deleted and replaced with the following:

“Unless otherwise ordered by the board of directors, the fiscal year of the Association shall be January 1st to December 31st in the same calendar year commencing on January 1st, 2019. In 2018, the Association’s fiscal year shall comprise April 1st, 2018 to December 31st, 2018 subject to approval by the Canada Revenue Agency.”

- L. Paragraph 25 of By-Law No. 1 under the heading: “NOTICE:” is deleted and replaced with the following:

“25. Unless otherwise expressly provided herein, whenever under the provisions of the by-laws of the Association, notice is required to be given, such notice may be delivered personally, or by prepaid courier service or sent by prepaid mail, facsimile, email or other electronic means to such member, director or officer at the latest address and contact information for such member, director or officer as shown in the records of the Association or if no address and contact information be given then to the last address and contact information of such member known to the Membership Coordinator and in respect of a director or officer known to the Secretary. Any notice delivered personally or by prepaid courier service shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day (as defined herein) such notice or other communication shall be deemed to have been given and received on the next following Business Day. Any notice or other communication sent by prepaid mail shall be deemed to have been given and received on the third Business Day following the date of mailing. Any notice or other communication transmitted by facsimile, email or other similar form of electronic means shall be deemed to have been given and received on the day of its transmission provided that such day is a Business Day and such transmission is completed before 5:00 p.m. Eastern Standard Time on such day, failing which such notice or other communication shall be deemed to have been given and received on the first Business Day after its transmission. In the by-laws of the Association a “**Business Day**” means any day of the week except a Saturday, Sunday, or a statutory holiday in the Province of Ontario.

Any member, officer or director may at any time waive any notice required to be given to such Person under the by-laws of the Association.”

M. The following is inserted after paragraph 28 of By-Law No. 1:

“LIMITATION OF LIABILITY:

29. No director, officer or committee member of the Association is or will be liable for the acts, neglects or defaults of any other director, officer, committee member or employee of the Association or for joining in any receipt or for any loss, damage or expense happening to the Association through the insufficiency or deficiency of title to any property acquired by resolution of the board of directors or for or on behalf of the Association or for the insufficiency or deficiency of any security in or upon which any of the money of or belonging to the Association shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or Association with whom or which any moneys, securities or effects shall be lodged or deposited or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her respective office or trust provided that they have:

- (a) complied with the Act and the Governing Documents; and
- (b) exercised their powers and discharged their duties in accordance with the Act.

INDEMNIFICATION

30. Every director, former director, officer, former officer, committee member, former committee member, volunteer, former volunteer, employee and former employee of the Association and their heirs, executors and administrators (collectively the “**Indemnified Parties**” and singularly an “**Indemnified Party**”) shall from time to time and at all times be indemnified and saved harmless from and against

- (a) all costs, charges and expenses whatsoever which the Indemnified Party sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him or her for or in respect of any act, deed, matter or thing whatsoever made, done, omitted to be made or done or permitted by him or her in or about the execution of the duties of their office, and
- (b) all other costs, charges and expenses which he or she sustains or incurs in or about or in relation to the affairs thereof, except the costs, charges or expenses occasioned by their own gross negligence or wilful misdeed.

INSURANCE:

31. Subject to the Act, the Association may purchase and maintain insurance:
- (a) for the benefit of any person entitled to be indemnified by the Association pursuant to the immediately preceding paragraph as the board of directors may from time to time determine;
 - (b) directors and officers’ insurance;
 - (c) commercial general liability insurance; and
 - (d) such other insurance as determined reasonably necessary by the board of directors,

all in such insurance to be in such amounts, with such deductibles and breadth of coverage as determined by the board of directors acting prudently.”

Subject to it being confirmed by the general members at an annual general meeting of the members or by the general members at a special meeting of the members called for that purpose, this Amendment to By-Law No. 1 shall come into force when enacted by the board of directors, subject to the provisions of the Act.

The Amendment to By-Law No. 1 is hereby enacted by the directors of the Association as this 26th day of May, 2018.

[Name]

[Name]

[Name]

[Name]

[Name]

[Name]