

BY-LAW NUMBER 1

A by-law relating generally to the conduct  
Of the affairs of the BALSAM CHUTES ROAD ASSOCIATION

WHEREAS the Corporation was incorporated by Letter Patent issued by the  
Lieutenant  
Governor of Ontario on the 11th day of September, 1997, for the following  
objects:

1. The establishment and maintenance of a community organization for  
the purpose  
of maintaining and improving Balsam Chutes Road as a year-round road.
2. Community, social and municipal activities related to the Balsam  
Chutes Road.
3. Such other complementary purposes not inconsistent with theses  
objective.

BE IT ENACTED as by law of

BALSAM CHUTES ROAD ASSOCIATION

(The "Corporation") as follows:

1.0 INTERPRETATION

1.01 In this by-law and all other by-laws and resolutions of the  
Corporation unless the  
context otherwise requires:

.01 the singular includes the plural

.02 the masculine gender included the feminine;

.03 "Board" means the board of directors of the Corporation;

.04 "Corporation" means The Association;

.05 "Corporation Act: means the Corporations Act, R.S.O. 1980, Chapter  
89,  
and any statute amending or enacted in substitution therefore, from time  
to time;

.06 "documents", includes deeds, mortgages, hypothecs, charges,  
conveyances, transfers, and assignments of property, real or personal,  
immovable  
or movable, agreements, releases, receipts and discharges for the payment  
of  
money or other obligations, conveyances, transfers and assignments of  
shares  
bonds, debentures or other securities and all paper writings;

.07 "Executive Officers" means the person who holds the offices enumerated in section 5.01

.08 "Past President" means the person whose term of office as president has most recently expired and who is willing serve as such.

1.02 All terms defined in the Corporation Act have the same meanings in this by law and all other by-laws and resolutions of the Corporation.

## 2.00 HEAD OFFICE

The head office of the Corporation shall be in the district of Muskoka, in the Province of Ontario, and at such place therein as the Board may from time to time determine.

## 3.00 SEAL

The seal which is impressed hereon shall be the corporate seal of the Corporation.

## 4.00 BOARD

4.01 Board. The affairs shall be managed by a board composed on one (1) ex-officio director and six (6) elected directors

4.02 Elected Directors. Elected directors, subject to the provision of section 4.40, shall be elected in the manner set out in Article 6.00, each of whom subject to the provisions of the Letters Patent and the Supplementary Letters Patent shall hold office until the third annual meeting after election to office and until his successor had been elected and qualified.

## 4.03 Qualifications Each director shall

.01 be at the date of, or become within ten (10) days after his election and thereafter remain throughout his term a member of the corporation;

.02 be at least eighteen (18) years of age; and

.03 not be an undischarged bankrupt nor a mentally incompetent person.

If a person ceases to be a member of the corporation who is qualified by the terms of section 8.06 to hold office, or becomes bankrupt or a mentally incompetent person he thereupon ceases to be a director and the vacancy so created may be filled in the manner prescribed in section 4.04.

4.04 Vacancies. So long as a quorum of director remains in office, a vacancy on the board may be filled by the directors from among the qualified members of the Corporation. If no quorum of director exists the remaining directors shall forthwith call a general meeting of the members to fill the vacancies on the board.

4.05 Removal of Directors. The members entitled to vote may, by resolution passed by at least two thirds (2/3) of the votes cast at a general meeting of which the notice specifying the intention to pass the resolution has been given, remove any director before the expiration of his term of office, and may, by a majority of the votes cast at that meeting, elect any person in his stead for the remainder of his term.

4.06 Quorum A quorum for the transaction of business at meeting of the Board shall be three directors.

4.07 Meetings. Meetings of the board may be held at any place within the district municipality of Muskoka as designated in the notice calling the meeting. Meetings of the Board may be called by the President, Secretary or any two (2) directors.

4.08 Notice. Subject to the provisions of section 4.09, notice of board meeting shall be delivered, mailed or telephoned to each director not less than two (2) weeks before the meeting is to take place. The statutory declaration of the secretary or the president that the notice has been given pursuant to this by law shall be sufficient and conclusive evidence of the giving of such notice. No formal notice of a meeting is necessary if all the directors are present or if those absent have signified their consent to the meeting being held without notice and in their absence.

4.09 Regular meetings. The board may appoint one or more days in each year for regular meeting of the board at a time and place named; no further notice of the regular

meeting is to take place. The Board shall hold a meeting within thirty (30) days following the annual meeting of the corporation for the purpose of organization, the election and appointment of officers and the transaction of any other business.

4.10 Voting. Questions arising at any meeting of the board shall be decided by a majority vote. In the case of an equality of votes, the Chairman in addition to his original vote has a second or casting vote. At all meetings of the board, every question shall be decided by a show of hands unless a poll on the question is required by the chairman or requested by any director. A declaration by the chairman that a resolution has been carried and an entry to that effect in the minutes is conclusive evidence of the fact without proof of the number or proportion of the voted recorded in favour of or against the resolution.

4.11 Remuneration of Directors. The Directors of the Corporation shall serve without remuneration

4.12 Indemnities to directors. Every director or officer of the corporation and his heirs, executors and administrators and the estate and effects, respectively, shall from time to time and at all times be indemnified and saved harmless out of the funds of the corporation from and against.

.01 all costs charges and expenses whatsoever which the director or officer sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him for or in respect of any act, deed, matter or thing whatsoever made, done, or permitted by him in or about the execution of the duties of his office: and

.02 all other costs charges and expenses that he sustains or incurs in or about or in relation to the affairs thereof, except the costs, charges or expenses occasioned by his own willful neglect or default.

4.13 Protection of Directors and Officer. No director or officers of the corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency of deficiency of title to

any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency of any security in or upon which any of the money of or belonging to the Corporation 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 corporation with whom or which any monies, 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 respective office or trust or in relation thereto unless the same shall happen by or through his own wrongful and willful act or through his own wrongful and willful neglect or default.

4.14 Responsibility for Acts. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act, or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the Board.

4.15 Ex-officio Directors. The Past President shall be ex-officio a director of the Corporation.

4.16 Others present. Such others as the Board may from time to time by resolution determine, shall be entitled, in the same manner and to the same extent as a director, to notice of, and personally or by his delegate to attend and to speak at meetings of board but shall not be entitled to vote thereat.

## 5.00 OFFICERS

5.01 There shall be a President, Secretary, and Treasurer elected by the members from among their number. No person may hold more than one office; the President, Secretary and Treasurer shall be deemed to be directors of the Corporation.

5.02 President The President shall, when present, preside at all meetings of the Board, the Executive Committee (if any) and members. The President shall supervise the affairs and operations of the Corporation, sign all documents requiring his signature and have the other powers and duties from time to time prescribed by the Board or incident to

his office.

5.03 Secretary The Secretary shall be ex-officio clerk of the Board and shall attend all meetings of the Board to record all facts and minutes of those proceedings in the books kept for that purpose. He shall give all notices required to be given to members and to directors. He shall be the custodian of all books, papers, records, correspondence and documents belonging to the Corporation and shall perform the other duties from time to time prescribed by the Board or incident to this office.

5.04 Treasurer The Treasurer shall keep full and accurate accounts of all receipts and disbursements of the Corporation in proper books of account and shall deposit all moneys or other valuable effects in the name of and to the credit of the Corporation in the bank or banks from time to time designated by the Board or Executive committee (if any). He shall disburse the funds of the Corporation under the direction of the Board or the Executive Committee (if any) taking proper voucher therefore and shall render to the Board or Executive Committee (if any) whenever required of him an account of all his transaction as Treasurer and of the financial position of the Corporation. He shall cooperate with the auditors of the Corporation during any audit of the accounts of the Corporation and perform the other duties from time to time prescribed by the Board or the Executive Committee (if any) or incident to his office.

5.07 Past President The Past President shall perform from time to time the duties prescribed by the Board, and may perform additional duties as may be requested of him by the President

5.09 Other Officers The Board may appoint other officers, including without limitation, Honorary Officers, and agents (and with such titles as the Board may prescribe from time to time) as it considers necessary and all officers shall have the authority and perform the duties from time to time prescribed by the Board. The Board may also remove at its pleasure any such officer or agent of the Corporation. The duties of all the other officers of the Corporation appointed by the Board shall be such as the terms of

their engagement call for or as the Board prescribes.

#### 6.00 ELECTION OF THE BOARD

6.01 Rotation. Subject to the provisions of the Corporations Act, Directors other than ex-officio directors, if any, shall be elected by the members entitled to vote and shall retire in rotation.

6.02 Re-Election. A Director, if otherwise qualified, is eligible for election for three (3) consecutive full two-year terms and thereafter is not eligible for re-election until a period of eleven (11) months has elapsed from the date of his retirement.

6.03 Elections. At each annual meeting a number of directors equal to number of directors retiring shall be elected for a term of two (2) years by and from among the members eligible to vote and to hold office.

6.04 Nominations Candidates for the office of Director shall include:

.01 the slate of candidates for the office proposed by the nominating committee or if there is no nominating committee by the Executive Committee;  
and

.02 the persons whose names are put in nomination by any member entitled to vote at any time before nomination are closed at the meeting of the members at which the election of directors is held.

6.05 Forms. The Board may prescribe the form of the nomination paper and the form of the ballot.

#### 7.00 MEMBERSHIP

7.01 Membership in the Corporation shall consist of such persons as are property owners along Balsam Chutes Road and as are admitted as member by the Board.

7.02 Classes There shall be three classes of membership in the Corporation;

.01 Ordinary Members the owner of a property along Balsam Chutes Road may apply to become an Ordinary Member but where the property is owned by more than one (1) person, only one (1) person may apply. Each Ordinary member shall have one vote;

.02 Auxiliary Members; The spouse and family of an Ordinary Member may apply to become Auxiliary Members. Auxiliary Members may attend and speak at meeting of the Corporation but may not be entitled to vote;

.03 Honorary Members; Honorary Members may attend and speak at meetings but are not entitled to vote.

7.03 Applications Unless otherwise determined by the Board, applicants for membership in the Corporation shall be admitted as Ordinary or Auxiliary Members as applicable upon payment of the prescribed fee.

7.04 Honourary Members From time to time, the Board may admit for life or lesser term without payment of any fee or assessment as an Honourary Member a person who, in the opinion of the Board has made an outstanding contribution to the development of the Corporation.

7.05 Voting Classes No person who is not an Ordinary Member shall be entitled to vote in any proceedings of the Corporation.

7.06 Holding Office No person who is not an Ordinary Member shall be qualified to hold office in the Corporation as a director.

7.07 Revocation of Membership. Any member may be expelled from the Corporation for cause by a two-thirds (2/3) vote taken by ballot of the members present and eligible to vote at an annual meeting or other general meeting of members.

7.08 Termination of Membership Any membership in the Corporation automatically terminates upon the happening of any of the following events:

.01 If a person, in writing, resigns as a member of the Corporation;

.02 If a member dies;

.03 If a person is expelled from the Corporation by a unanimous decision of the Board of Directors;

.04 If an assessment under the authority of this by-law remains unpaid for more than one hundred and twenty (120) days after notice of the assessment has



been given to the member.

Notwithstanding termination of membership, a former member remains liable for any assessment levied under the authority of this by-law prior to termination of his membership.

7.90 Membership Dues Membership dues, assessments and similar obligation ("assessments") may only be levied if authorized by:

.01 a majority of members of the Board; and

.02 majority of members eligible to vote at an annual or other general meeting, notice of which shall include notice of intention to seek such authority.

Notice of an assessment shall be mailed to each member.

Provided, however, that no assessment may be levied against any Honourary Member.

7.10 Liability of Members Members shall not, as such, be held answerable or responsible for any act, default, obligation or liability of the Corporation or for any engagement, claim, payment, loss, injury, transaction, matter or thing relating to or connected with the Corporation

7.11 Annual Meeting. The annual meeting of the members shall be held each year in Ontario, at a time a place determined by the board, for the purpose of:

.01 hearing and receiving the reports and statements required by the Corporations Act to be read and laid before the Corporation at an annual meeting;

.02 electing such directors as are to be elected at such annual meeting:

.03 appointing the auditor and fixing or authorizing the Board to fix his remuneration; and

.04 the transaction of any other business properly brought before the meeting.

7.12 General Meeting The board may at any time call a general meeting of the

members for the transaction of any business, the general nature of which is specified in the notice calling the meeting. A general meeting of the members may also be called by the members as provided in the Corporations Act.

7.13 Notice of Meetings Notice of the time place and date of the meetings of the members and the general nature of the business to be transacted shall be given at least thirty (30) days before the date of the meeting to each member (and in the case of the annual meeting to the auditor of the Corporation) by sending by prepaid mail to the last address of the addressee shown on the Corporation's records.

7.14 Quorum 5% of the Ordinary Members present in person shall constitute a quorum at a meeting of the members, and no business shall be transacted at any meeting unless the requisite quorum is present at the commencement of such business.

7.15 Voting By Members Unless otherwise required by the provisions of the Corporations Act or the by-laws of the Corporation, all questions proposed for consideration at a meeting of the members shall be determined by a majority of the votes cast by members entitled to vote. In the case of an equality of vote the President presiding at the meeting has a second or casting vote.

7.16 Proxies Every member, including a corporate member, entitled to vote at meetings of members, may by means of a proxy appoint a person who need not be a member as his nominee, to attend and act in a manner, to the extent and with the power conferred by the proxy. A proxy shall be in writing, shall be executed by the member entitled to vote or his attorney authorized in writing, or, if the member is a body corporate under its corporate seal or by an officer or attorney thereof duly appointed, and cease to be valid one year from its date. Subject to the requirements of the Corporations Act, a proxy may be in such form as sufficient and shall be deposited with the Secretary of the meeting before any vote is called under its authority, or at such earlier time and in such a manner as the board may prescribe.

7.17 Show of Hands At all meetings of members every question shall be decided

by a show of hands unless otherwise stated by a by-law of the Corporation or unless a poll is required by the President or requested by any member entitled to vote. Upon a show of hands, every member entitled to vote, or proxyholder for a member entitled to vote, present in person shall have one vote. Whenever a vote by show of hands has been taken upon a question, unless a poll is requested, a declaration by the President that a resolution has been carried or lost by a particular majority and an entry to that effect in the minutes or the corporation is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against the motion.

7.18 Chairman. In the absence of the President, the members entitled to vote present at any meeting the other members may choose another director as Chairman and if no director is present or of all directors present decline to act as Chairman, the members present shall choose one of their number to be Chairman.

7.19 Polls. If at any meeting a poll is requested on the election of a Chairman or on the question of adjournment, it must be taken forthwith without adjournment. If a poll is requested on any other question, it shall be taken in the manner and either at once or later at the meeting or after adjournment as the Chairman directs. The result of a poll shall be withdrawn at any time prior to the taking of a poll.

7.20 Adjournments. Any meeting of members may be adjourned to any time and from time to time, and any business may be transacted at any adjourned meeting that might have been transacted at the original meeting from which the adjournment took place. No notice is required of any adjourned meeting.

## 8.0 COMMITTEES

8.01 Standing Committee. There shall be the following Standing Committees:

- .1 the Nominating Committee;
- .2 any such other Standing Committee as the Board may establishment from time to time.

8.02 Combined and Inactive Committees. From time to time by resolution the Board may combine the work of two or more Standing Committees under such name as the board shall select; and may permit any Standing Committee to be inactive.

8.03 Ad Hoc Committees. There may be such Ad Hoc Committees and for such purposes as the board may determine from time to time by resolution. The existence of each such Ad Hoc Committee shall be terminated automatically upon:

.01 the delivery of its report;

.02 the completion of its assigned task;

.03 a change in the membership of the board which it was constituted; or

.04 a resolution to that effect of the Board by which it was constituted;

which ever occurs first.

PROVIDED HOWEVER that, in the case of termination pursuant to subsection 8.03.03 the Board may by resolution continue such Ad Hoc Committees.

8.04 Except as otherwise provided by the by-law of the Corporation, all committees are subject to the following:

.01 the Chairman and members shall be appointed by the Board from among the members of the Corporation who are qualified to hold office, for a term of one (1) year and may be reappointed for one or more additional terms of one (1) year;

.02 the Committee shall meet at least annually, and more frequently at the will of its Chairman or as required by its terms of reference and as requested by the board;

.03 the Committee shall be responsible to, and report after each meeting to, the Board;

.04 the Committee shall establish its own rules of procedure and may appoint subcommittees.

8.05 Nominating Committee The Nominating Committee shall

.01 prepare a slate of one or more candidates for each office which will be vacant and for which an election is to be held at or after the annual meeting;

.02 accept any written nominations for elected office any time prior to the holding of annual elections, but this does not preclude the Chairman of the annual meeting from accepting further nominations from the floor at the time of the election;

.03 make recommendations to the Board of persons to fill vacancies in office or on the board or on committees that occur throughout the year.

#### 9.00 EXECUTION OF DOCUMENTS

9.01 Cheques, Drafts, Notes Etc. All cheques drafts and orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by the officer or officers or person or persons and in the manner from time to time as prescribed by the Board.

9.02 Execution of Documents. Document requiring execution by the Corporation by the President and the Secretary or the Treasurer or any two (2) directors and all documents so signed are binding upon the Corporation without any further authorization or formality. The Board may from time to time appoint any officer or officers or any person or persons on behalf of the Corporation, either to sign documents generally or to sign specific documents. The corporate seal of the Corporation shall, when required, be affixed to documents executed in accordance with the foregoing.

9.03 Books and Records The Board shall see that all necessary books and records of the Corporation required by the by-laws of the Corporation or by any applicable statute are regularly and properly kept.

#### 10.0 BANKING ARRANGEMENTS

10.01 The board shall designate by resolution the officers and other persons authorized to transact the banking business of the Corporation, or any part thereof, with the bank, trust company or other corporation carrying on a banking business that the Board has designated as the Corporation's banker, to have the authority set out in the resolution, including, unless otherwise restricted, the power to,

.01 operate the Corporation's account with the banker

.02 make, sign, draw, accept, endorse, negotiate, lodge, deposit or

transfer any of the cheques, promissory notes, drafts, acceptance, bills of exchange and orders for payment of money;

.03 issue receipts for and orders relating to any property of the Corporation;

.04 execute any agreement relating to any banking business and defining the rights and powers of the parties thereto; and

.05 authorize any officer of the banker to do any act or thing on the Corporation's behalf to facilitate the banking business.

10.02 Deposit of Securities. The securities of the Corporation shall be deposited for safekeeping with one or more bankers, trust companies or other financial institutions to be selected by the Board. Any and all securities so deposited may be withdrawn, from time to time, only upon the written order of the Corporation signed by such officer or officers, agent or agents of the Corporation, and in such a manner, as shall from time to time be determined by resolution of the board and such authority may be general or confined to specific instances. The institutions which may be so selected as custodians of the Board shall be fully protected in acting in accordance with the directions of the Board and in no event be liable for the due application of the securities so withdrawn from deposit or the proceeds thereof.

#### 11.0 BORROWING BY THE CORPORATION.

11.01 Subject to the limitations set out in the bylaws or in the Letters Patent of the Corporation, the Board may,

.01 borrow money on the credit of the Corporation;

.02 issue, sell or pledge securities of the Corporation; or

.03 charge, mortgage, hypothecate or pledge all or any of the real or personal property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any securities or any money borrowed, or other debt or any obligations or liability of the Corporation,

provided that, except where the Corporation borrows on the security of its real or personal property, its borrowing power shall be limited to borrowing money for current operating expenses.

11.02 From time to time the Board may authorize any director, officer or employee of the Corporation or any other person to make arrangement with reference to the money so borrowed or to be borrowed and as to the terms and conditions of the loan thereof, and as to the security to be given therefor, with power to vary and modify such arrangement, terms and conditions and to give such additional security as the Board may authorize, and generally to manage, transact and settle the borrowing by the Corporation.

12.00 FINANCIAL YEAR

12.01 The financial year of the Corporation shall terminate on the 31st day of December in each year or on such date as the Board may from time to time be resolution determine.

13.00 AUDITOR

13.01 Appointment And Remuneration Of The Auditor The members shall at each annual meeting appoint an auditor to audit the accounts of the Corporation and to hold offices until the next annual meeting, provided that the Directors may fill any casual vacancy in the office of the auditor. The auditor does not need to be a professional accountant, but may not be a director, officer, or employee of the Corporation or associated with a director, officer, or employee unless all the members of the Corporation consent. The auditor shall report to the members on an annual basis whether, in the auditor's opinion the financial statements to the Corporation present fairly the financial position of the Company and the results of its operations from the period under review in accordance with generally accepted accounting principals applied on a basis consistent with that preceding.

14.00 NOTICE

14.01 Computation Of Time. In computing the date when notice must be given under any provision of the by-laws requiring a specific number of days' notice of any meeting or other event, the date of giving the notice is, unless otherwise provided, included.

14.02 Omissions And Errors                    The accidental omission to give notice of any meeting of the Board or members or the non-receipt of any notice by any director or member or by the auditor of the Corporation or any error in any notice not affecting its substance does not invalidate any resolution passed or any proceedings taken at the meeting. Any Director, member or the auditor of the Corporation may at any time waive notice of any meeting and may ratify and approve any or all proceedings taken thereat.

15.00 BYLAWS AND AMENDMENTS, ETC.

15.01 Enactment. By-laws of the Corporation may be enacted, repealed, amended, altered, added to or re-enacted in the manner contemplated in, and subject to the provisions of, the Corporations Act.

16.0 REPEAL OF PRIOR BY-LAWS

16.01 Repeal.            Subject to the provisions of sections 16.02 and 16.03 hereof, all prior by-laws, resolutions and other enactments of the Corporation heretofore enacted or made are repealed.

16.02 Exception. The provisions of section 16.01 shall not extend to any by-law or resolution heretofore enacted for the purpose of providing to the Board the power or authority to borrow.

16.03 Proviso.        Provided however that the repeal of prior by-laws resolution and other enactments shall not impair in any way the validity of any act or thing done pursuant to any such repealed by-law, resolution or other enactment

17.0 EFFECTIVE DATE

17.01 This be law shall come into force without further formality upon its enactment.

Enacted as a by-law Number 1 by the Director of the Corporation at a meeting duly called and regularly held and at which a quorum was present on the 11th day of September, 1997.



Secretary

President

The foregoing By-law Number 1 as enacted by the directors of the Corporation is hereby rectified, sanctioned, confirmed and approved without variation by the unanimous affirmative vote of all members entitled to vote at a meeting of members duly called and regularly held at \_\_\_\_\_, in the district of Muskoka and at which a quorum was present on the \_\_\_\_\_ day of \_\_\_\_\_

Secretary

President