

A by-law relating generally to the conduct
of the affairs of

LANARK LANDING HOMEOWNERS ASSOCIATION

(the “Corporation”)

BE IT ENACTED as a by-law of the Corporation as follows:

ARTICLE I
INTERPRETATION

1.1 Definitions – In this by-law and all other by-laws and resolutions of the Corporation, unless the context otherwise requires:

“**Act**” means the *Canada Not-for-profit Corporations Act* S.C. 2009, c. 23, including the Regulations made pursuant to the Act, and any statute or regulations that may be substituted therefor, as amended from time to time;

“**Articles**” means the original or restated articles of incorporation or articles of amendment, amalgamation, continuance, reorganization, arrangement or revival of the Corporation;

“**Board**” means the board of directors of the Corporation;

“**By-Law**” means this by-law and all other by-laws of the Corporation as amended and which are, from time to time, in force and effect;

“**Certificate of Title**” means the document evidencing ownership of, and registrations affecting, a Lot issued by (and which has not been cancelled by) the Alberta Land Titles Office or a land titles system affecting the Lands governed by or overseen by the government of the Province of Alberta, provided that if there are more than one such documents of title for the same parcel of land due to undivided ownership interests in such parcel of land then such documents of title shall be deemed to be a single Certificate of Title;

“**Developer**” means either or both of Melcor Developments Ltd. and Highview Communities Inc. (and/or their successors and assigns in the case of a formal assignment or partial assignment of their or either of their rights as a Developer Member) in their capacity as the joint developers of the Lands;

“**Developer Member**” means the corporation which is the Developer, or, in the case of more than one corporation constituting the Developer, each such corporation constituting the Developer, in its capacity as a Member of the Corporation;

“**director**” means a member of the Board;

“**Encumbrance**” means the instrument, as amended, from time to time, which is registered or registrable on the Certificate of Title to a Lot at the Alberta Land Titles Office and which secures the annual rent charge, additional costs and an adjustment

amount for an increase in costs, to be paid to the Corporation by the registered owner(s) of that Lot, for the purpose of forming an enforceable encumbrance in accordance with the provisions of the *Land Titles Act* (Alberta);

“**Good Standing**” means with respect to each Member, observance of and compliance with the By-Law, any Rules and the Encumbrance (including without limitation payment of all fees, deposits or other charges required to be paid to the Corporation by the Member within thirty (30) days following a written request by the Corporation for payment of such fees, deposits or other charges);

“**HOA Agreement**” means a License of Occupation Agreement or any other agreement made or contemplated to be made between the Corporation and the Municipality, including any and all amendments thereto from time to time, respecting the operation, maintenance, repair and replacement of any HOA Amenities;

“**HOA Amenities**” means:

- (a) the amenities identified from time to time in an HOA Agreement;
- (b) such amenities and improvements which are constructed by the Developer (at its sole option) and accepted by the Corporation on lands owned or to be owned by the Corporation or on lands over which the Corporation has or will have a right of access by way of easement, utility right of way, licence or lease; and
- (c) all other real and tangible personal property (including equipment) now or hereafter owned or leased by the Corporation;

including, without limitation, the types of amenities described in Schedule B hereto;

“**Interest Rate**” shall mean the interest rate set from time to time by the Board, and if no such interest rate has been set or if such interest rate is prohibited by law from being enforced then the interest rate shall be the greater of sixteen percent (16%) per annum or thirteen percent (13%) per annum added to the prime lending rate of the Canadian chartered bank through which the Corporation conducts most of its banking business;

“**Lands**” means the lands legally described in Schedule A hereto (notwithstanding that the said lands may be subdivided, consolidated or otherwise affected such that they are hereafter referred to by a different legal description) together with such other lands in the vicinity thereof if the Developer provides written notice to the Corporation that such lands are to form part of the Lands as defined hereunder;

“**Lot**” means any portion of the Lands which is described in a Certificate of Title for a fee simple estate created by:

- (i) a Subdivision Plan filed by the Developer; or
- (ii) a Subdivision Plan filed by a successor-in-title to the Developer, provided each new Certificate of Title created by the registration of the subsequent Subdivision Plan shall each be deemed a Lot;

excluding the following which shall be deemed not to be a Lot:

- (i) any portion of the Lands owned by the Corporation; and
- (ii) any portion of the Lands forming public lands owned, from time to time, by the Municipality or any other governmental agency or governmental entity in the nature of roads, reserves, public utility lots or other similar public space;

“**Meeting of Members**” includes an annual meeting of Members and a Special Meeting of Members; “**Special Meeting of Members**” means a meeting concerning any matter that is not part of the agenda of an annual meeting as contemplated in Section 4.2 whether a meeting of all Members entitled to vote at an annual meeting of Members or a meeting of any class or classes of Members entitled to vote on the question at issue;

“**Member**” means a member of the Corporation irrespective of the class of membership;

“**Municipality**” means the municipal corporation having jurisdiction over the Lands (currently City of Airdrie);

“**Ordinary Resolution**” means a resolution passed by a majority of not less than 50% of the votes cast on that resolution;

“**Regular Member**” means a person, including a corporation, entitled to be a Regular Member as provided in Section 3.1; the Developer may be a Regular Member in addition to being a Developer Member if the Developer meets the entitlement requirement under Section 3.1;

“**Regulations**” means the regulations made under the Act, as amended, restated or in effect from time to time;

“**Rules**” means the rules made by the Board from time to time governing the use of the HOA Amenities or conduct of the Members in using any services provided by or through the Corporation;

“**Section**” means the section of this By-law by reference to the corresponding number;

“**Special Resolution**” means a resolution passed by a majority of not less than two-thirds (2/3) of the votes cast on that resolution;

“**Subdivision Plan**” means a plan of subdivision, a conventional condominium plan, a bareland condominium plan or a strata space plan; and

“**Transfer Date**” means the final date that title to all HOA Amenities developed by the Developer is transferred from the Developer to the Corporation provided however the Developer may transfer in stages certain rights, selected HOA Amenities, and the duties and obligations set out herein, to the Corporation from time to time as determined by the Developer.

1.2 Interpretation – In the interpretation of this By-Law, unless the context otherwise requires, the following rules shall apply:

- (a) except where specifically defined in this By-Law, words, terms and expressions appearing in this By-Law (including the term “soliciting corporation”) shall have the meaning ascribed to them under the Act;
- (b) words importing the singular number only shall include the plural and vice versa;
- (c) the word “person” shall mean an individual, body corporate, a partnership, a trust, a joint venture or an unincorporated association or organization;
- (d) the headings used in the By-Law are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions of the By-Law or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions; and
- (e) except where specifically stated otherwise, references to actions being taken “in writing” or similar terms shall include electronic communication and references to “address” or similar terms shall include e-mail address; it is the intent of the Corporation to use electronic communication whenever possible.

ARTICLE II **GENERAL**

2.1 Registered Office – The registered office of the Corporation shall be situated in the City of Calgary (or Edmonton for so long as the Developer is a Member) or in the municipality within which the Lands are located or elsewhere in the Province of Alberta as set by the Board.

2.2 Corporate Seal – The Corporation may, but need not, have a corporate seal. If adopted, the seal shall be in the form approved from time to time by the Board and the Secretary of the Corporation shall be the custodian of the corporate seal.

2.3 Fiscal Year – The fiscal year of the Corporation shall end on December 31 of each year or as otherwise set by the Board.

2.4 Execution of Documents – Deeds, transfers, assignments, contracts, obligations and other documents and instruments in writing requiring execution by the Corporation shall be signed by two (2) persons where those two (2) persons are each a director or officer. The Board may also, from time to time, direct the manner in which and the person or persons by whom documents generally and/or a particular document or type of document shall be executed. Any person authorized to sign a document may affix the corporate seal to that document.

2.5 Banking – The banking business of the Corporation shall be transacted at such bank, trust company, Alberta Treasury Branch or other firm or corporation carrying on a banking business in Canada as the Board may designate, appoint or authorize from time to time by resolution. The banking business or any part of it shall be transacted by an officer or officers of the Corporation and/or other persons as the Board may by resolution from time to time designate, direct or authorize.

2.6 Invalidity of any Provisions of this By-Law – The invalidity or unenforceability of any provision of this By-Law shall not affect the validity or enforceability of the remaining provisions of this By-Law.

ARTICLE III
MEMBERS

3.1 Entitlement – The corporations constituting the Developer are the initial Members of the Corporation and are each designated a Developer Member which form a separate class of membership. Membership in the Corporation as a Regular Member, the other class of membership, shall be automatic upon, and for so long as, such Regular Member is a registered owner of a Lot. A Regular Member shall be deemed to have consented to becoming a Member of the Corporation by obtaining title to a Lot and the person constituting the Regular Member shall not be entitled to resign as a Member until the Regular Member ceases to own a Lot or, in the case of more than one person owning a Lot, another registered owner of that Lot is designated as the Regular Member as provided in Section 3.2 1. below. A Member may be an individual, a corporation or another type of entity which is registered as the owner of a Lot.

3.2 Membership Classes and Conditions – Subject to the Articles, there shall be two (2) classes of Members in the Corporation, namely,

- (a) Regular Members; and
- (b) Developer Member(s).

The following conditions of membership shall apply:

Regular Members

1. Each Regular Member must be a registered owner of a Lot provided, however:
 - (i) if there is more than one registered owner of a Lot, then:
 - (A) the registered owner who has been designated by all of the registered owners of the Lot (by notice in writing given to the Corporation which notice has not been revoked or amended by subsequent notice given to the Corporation); or
 - (B) in the absence of such designation, the first person named as registered owner on the Certificate of Title to the Lot (if only one such certificate documents title to the Lot); or
 - (C) if the person designated under (A) above or first named under (B) above is an individual and dies, then the surviving registered owner of the Lot (or, if there is more than one surviving registered owner, then as determined in the same manner as provided in (A) and (B) above); and

- (ii) if the Lot is comprised within more than one certificate documenting title to the Lot (which certificates form the Certificate of Title to the Lot) with different registered owners named therein, then:
 - (i) the registered owner who has been designated by all of the registered owners of the Lot (by notice in writing given to the Corporation which notice has not been revoked or amended by subsequent notice given to the Corporation); or
 - (ii) in the absence of such designation, the first person named as registered owner on the first of such certificates comprising the Certificate of Title to the Lot to be issued; or
 - (iii) if the person designated under (A) above or first named under (B) above is an individual and dies, then the surviving registered owner of the Lot (or, if there is more than one surviving registered owner, then as determined in the same manner as provided in (A) and (B) above);

shall be the Regular Member and all other registered owners of that Lot shall not be a Member of the Corporation. If there is only one registered owner of a Lot and that owner is an individual and dies then the legal executor or administrator or personal representative of that owner's estate shall be the Regular Member until title to the Lot is transferred.

2. A Regular Member may not transfer his membership in the Corporation except through the transfer of registered ownership of his Lot or, if applicable, by another co-owner of that Lot being designated as a Regular Member as contemplated in Section 1 immediately above whereupon the previous Regular Member shall cease to be a Member of the Corporation.
3. A Regular Member may not withdraw his membership in the Corporation except concurrent with:
 - (A) his ceasing to be a registered owner of a Lot whereupon the new registered owner of the Lot shall be a Regular Member (subject to any necessary designation under Section 1 immediately above); or
 - (B) another co-owner of the Lot being designated as a Regular Member as contemplated in Section 1 immediately above whereupon the previous Regular Member shall cease to be a Member of the Corporation.
4. A person shall cease to be a Regular Member upon his ceasing to be a registered owner of a Lot.
5. It is the intent of this By-Law that there shall be only one Regular Member for each Lot at any time.
6. As set out in the Articles, each Regular Member shall be entitled to receive notice of, attend and vote at all meetings of Members and each such Regular Member

shall be entitled to one (1) vote at such meetings. If the Regular Member is a corporation, then, by notice in writing provided, from time to time, by such corporate Member to the Corporation, such corporate Member shall be entitled to authorize an individual, or to substitute an individual, to represent it at such meetings and to exercise on behalf of the corporate Member all powers of that corporate Member under the By-Law. A person who is the registered owner of more than one (1) Lot is entitled to one (1) vote for each Lot for which that person is or is designated the Regular Member and is otherwise entitled to other membership rights in respect to each such Lot for which that person is or is designated the Regular Member.

Developer Member(s)

1. The only member(s) in this class is/are the corporation(s) comprising the Developer.
2. The corporation(s) constituting the Developer shall transfer its membership as a Developer Member in the Corporation to any successor corporation or assignee constituting the Developer; provided, that in the event of a partial assignment or co-development of the Lands, there may be more than one Developer Member as provided by notice in writing given to the Corporation by the initial Developer Member in which notice the said initial Developer shall advise of the names of the corporations each constituting a Developer Member and the number of votes held by each.
3. A Developer Member may withdraw its membership in the Corporation on written notice provided to the Corporation.
4. The/each Developer Member shall cease to be a Member of the Corporation on the later of:
 - (a) the date the corporation(s) being a Developer Member cease to be the registered owner of any Lot; and
 - (b) the date the Corporation has satisfied all obligations owing to the/each Developer Member, including, without limitation, repayment of all monies advanced by the/each Developer Member to or on behalf of the Corporation and including the/each Developer Member being released of or having no further liability in connection with any indemnity or guarantee provided by the/any Developer Member in respect to the Corporation or any of the HOA Amenities.
5. As set out in the Articles, a Developer Member shall be entitled to receive notice of, attend and vote at all meetings of Members and the Developer Member (if there is only one Developer Member), in its capacity as such and without limiting the votes that the Developer Member may cast as a Regular Member, shall be entitled to ten thousand (10,000) votes at such meetings [or if there is more than one Developer Member then the said 10,000 votes shall be split amongst the various persons comprising Developer Members as provided in a notice(s) described in Section 2. immediately above]. A Developer Member, by notice in

writing provided, from time to time, by that Developer Member to the Corporation, shall be entitled to authorize an individual, or to substitute an individual, to represent it at such meetings and to exercise on behalf of that Developer Member all its powers as a Member under the By-Law.

3.3 Termination – Subject to the Articles, upon any termination of membership, the rights of the Member, including any rights in the property of the Corporation, automatically cease to exist. No membership or contributions, fees or dues will be returned to a previous Member upon termination of such Member's membership. Termination of membership shall not extinguish any debts or other contractual obligations owed by a Member to the Corporation or owed by the Corporation to the Member.

3.4 Discipline of Members – The Board or any discipline committee created by the Board shall have the authority to impose a fine or suspend membership rights of a Regular Member for any one or more of the following grounds:

- (a) the Regular Member (or any of his guests, family members, tenants or other occupants of the dwelling upon the Lot owned by the Regular Member or any of their guests or family members) violating any provisions of the Articles, By-Law, or Rules of the Corporation;
- (b) the Regular Member (or any of his guests, family members, tenants or other occupants of the dwelling upon the Lot owned by the Regular Member or any of their guests or family members) carrying out any conduct upon the Corporation's property or property being managed by the Corporation which may be detrimental to the Corporation as determined by the Board in its sole discretion;
- (c) the Regular Member is otherwise not in Good Standing or for any other reason that the Board, the Members, or the discipline committee, in its sole and absolute discretion considers to be reasonable, having regard to the purpose of the Corporation.

In the event that the Board or the discipline committee determines that a Member should be fined or have rights suspended, the Chair or such other officer as may be designated by the Board shall provide notice of the proposed fine or proposed suspension to the Member and shall provide reasons for the proposed fine or proposed suspension. That Member may make written submissions to the Chair or such other officer as may be designated by the Board in response to the notice received within twenty (20) days of the said notice being provided. In the event that no written submission is received by the Chair or such other officer as may be designated by the Board, the Chair or such other officer as may be designated by the Board may proceed to confirm by notice to that Member of the rights that have been suspended or the amount of the fine. If a written submission is received in accordance with this Section, the Board will consider such submission in arriving at a final decision and shall notify the Member concerning such final decision within a further twenty (20) days from the date of receipt of the submission. The Board's decision shall be final and binding on the Regular Member, without any further right of appeal. Neither the Board, nor any discipline committee, nor the Members may expel a Member.

3.5 Rights on Dissolution – In the event of a dissolution of the Corporation, subject to no contrary provisions contained within the Act, the liquidator shall distribute the remaining

property of the Corporation (not including property transferred to the Corporation on the condition that it be returned to that person on the dissolution of the Corporation) to any one or more of the following entities:

- (a) a qualified donee (as that term is defined under the *Income Tax Act* of Canada, R.S.C. 1985 c. 1) providing the same or similar services as the Corporation;
- (b) a not-for-profit entity providing the same or similar services as the Corporation;
or
- (c) the Municipality.

3.6 Membership Dues –

- (a) Each Regular Member shall make annual or other periodic contributions and pay any user-based maintenance contributions in the amounts, in the manner, and with the frequency as determined by the Board from time to time, commencing for each Lot on the later of:
 - (i) the date when at least 150 homes have been constructed upon the Lands and are legally occupiable; and
 - (ii) the date which is the earlier of:
 - (1) the date on which any building constructed on that Lot is occupied;
 - (2) the date which is the later of:
 - a) the date any building constructed on that Lot is occupiable unless the Developer has provided a notice to the Owner of that Lot of an extension of the commencement date for a stated period of time (which period of time shall be deemed to be at an end upon the said building being occupied as a residence); and
 - b) the date the Developer ceases to be the registered owner of that Lot.

The Board may, at its option, defer the commencement of a Regular Member's periodic contributions and may grant a full or partial relaxation or forgiveness of payment of a Regular Member's contributions in circumstances where the Board, in its sole discretion, determines such relaxation or forgiveness is warranted.

- (b) Regular Members shall be notified in writing of the membership contributions or dues at any time payable by them and, if any are not paid within thirty (30) days of their due date, then in the case of a Regular Member in default and notwithstanding anything to the contrary contained in the By-Law but subject to the Act:

- (i) the Regular Member shall automatically be suspended from the right to vote and to attend any meetings of Members until such default is cured; and
 - (ii) the Regular Member shall be suspended from exercising such other rights of membership as set forth in any notice from the Board or any discipline committee provided pursuant to Section 3.4 above until such default is cured.
- (c) Without restricting, and in addition to, the Corporation's rights at law or in equity to enforce payment to it of the said contributions or any fine as a debt owing to it by the Regular Member in default, the Corporation may enforce its rights as a creditor and its rights as an encumbrancee under the Encumbrance secured by the Lot owned by that Regular Member, and the Regular Member shall also pay all of the Corporation's legal costs in connection with the enforcement of its said rights on a solicitor and his own client full indemnification basis.
- (d) Interest shall be due on all outstanding contributions and fines calculated from the due date until paid at the Interest Rate, calculated daily and compounded monthly (provided however, and notwithstanding the foregoing, if the Interest Rate is based upon a fluctuating prime rate then the Interest Rate calculated as of the first day of the month shall apply to the whole of that month with a similar recalculation of the Interest Rate on the first day of each and every other month for which a contribution or fine is outstanding).
- (e) Notwithstanding anything to the contrary, periodic contributions to be paid by Regular Members shall be levied by the Board and allocated equally amongst the Regular Members.
- (f) The Board may present at a Meeting of Members a full financial report on the operations of the Corporation [and, if applicable, recommendations for eliminating any existing or threatened cash deficiency, which may include increasing the annual rent charge amounts to be secured by the Encumbrances, providing for additional levies, or increasing or implementing usage charges related to HOA Amenities payable by Regular Members and/or the public (to the extent not prohibited by any public easement over the HOA Amenities) and charges for services provided by or on behalf of the Corporation] and seek authorization of the Members by way of an Ordinary Resolution to increase the annual rent charge amounts not otherwise secured by the Encumbrances (with the same percentage of increase being applied to each Encumbrance) with effect as set forth in the Ordinary Resolution. If such an Ordinary Resolution is passed each Regular Member shall execute (and cause any co-owner of the Lot or any spouse having dower rights to sign or consent to) all documents and do all things necessary to effect the registration of an amended or additional Encumbrance to reflect the increased annual rent charge amount and to obtain any postponements from holders of any financial instruments registered in priority to the said amended or additional Encumbrance. If the Regular Member delays, fails, or refuses to execute and deliver (or to cause to be executed and delivered) the amended or additional Encumbrance in registrable form the Corporation is hereby

irrevocably appointed as the Regular Member's attorney on his behalf and for the Corporation's use and benefit, to sign and deliver such amended or additional Encumbrance in his place and stead insofar as same affects the Regular Member's interest in the Lot.

- (g) If any Encumbrance has been foreclosed off of or is otherwise removed from the title to a Lot, the Regular Member shall enter into (or cause to be entered into by any other co-owner of the Lot or obtain any necessary consent from a spouse having dower rights in the Lot) any new Encumbrance requested by the Corporation to be registered against the title to that Lot and if the Regular Member delays, fails, or refuses to execute and deliver (or to cause to be executed and delivered) the new Encumbrance in registrable form the Corporation is hereby irrevocably appointed as the Regular Member's attorney on his behalf and for the Corporation's use and benefit, to sign and deliver such new Encumbrance in his place and stead insofar as same affects the Regular Member's interest in the Lot.
- (h) No Regular Member shall be entitled to exempt himself from liability for any of the said contributions or the effects of the Encumbrance by waiver of use or enjoyment of the HOA Amenities or the services provided by the Corporation or by vacating or abandoning the Lot through which that Regular Member's membership is derived.
- (i) If the Board fails to set any periodic contribution amount then the most recent previously set contribution amount will continue to be paid in the same manner, amount and frequency until the Board notifies otherwise.

3.7 Fees Payable by Non-Members – The Corporation may, but shall not be obligated to, impose and collect fees from persons who are not Members but who enjoy the use of certain of the HOA Amenities or services provided by the Corporation.

3.8 Reserve Funds – The Corporation may:

- (a) budget and set aside a portion of the Regular Members' contributions to create and maintain a reserve or reserves to provide for:
 - (i) costs that do not normally occur on an annual basis respecting the repair and, where appropriate, replacement of all or part of the HOA Amenities owned and operated or to be owned and operated by the Corporation;
 - (ii) meeting contingencies for the current fiscal year with any excess reserve funds being applied to expenses or reserves of any future fiscal year;
 - (iii) an insurance reserve for the current fiscal year with any excess reserve funds being applied to expenses or reserves of any future fiscal year; and
 - (iv) any other purposes whatsoever for which the revenues of the Corporation may be lawfully used;

which reserve(s) shall be maintained in amounts determined in accordance with generally accepted accounting principles and as may be determined by the Board with or without the benefit (in the case of a capital replacement reserve fund) of a reserve fund study prepared by a qualified independent third party at such times as the Board may determine;

- (b) only use such reserve funds for such purpose(s) for which a fund was created (or, as determined by the Board, to pay down debts of the Corporation owed to the Developer, or to pay down debts of the Corporation owed to others where the borrowed funds were used for the purpose for which the reserve fund was created), and shall be maintained in a separate account of the Corporation and shall not be commingled with any other funds of the Corporation or of any other person;
- (c) invest the remainder of any reserve funds [being the funds not to be immediately used for the purposes set forth in (b) above] in such manner as the Board shall think fit, and the income arising from such fund or funds shall be treated as part of the revenue of the Corporation for the year in which such income arose;
- (d) not abolish any reserve or reserve fund under the By-Law provided however the Board may reduce the same to the extent the reduction in such fund is applied for the purposes set forth in (b) above or constitutes an over-contribution for the purposes of any current reserve fund study provided the funds representing such reduction are paid into the Corporation's general revenue fund;
- (e) for each fiscal year, prepare an annual report of any capital replacement reserve fund in accordance and provide a copy of such report to each Member before or with its notice of the next annual Meeting of Members; the annual report shall set out the amount of the capital replacement reserve fund as of the last day of the immediately preceding fiscal year, all payments made into and out of that reserve fund for that year and the sources and uses of those payments and a list of depreciating property that was repaired or replaced during the year and the costs incurred in respect of the repair or replacement of that property; and
- (f) within ten (10) days of receipt of a written request from a Member and payment of an administration fee as set by the Board from time to time, provide to that Member to the extent available a copy of the most recent capital replacement reserve fund report, capital replacement reserve fund plan and any annual report of the capital replacement reserve fund.

3.9 Address of Members – Each Member shall keep the Corporation apprised of its address and email or electronic address for the purposes of notices to be given under the By-Law and any register of Members being maintained by the Secretary of the Corporation. The Regular Member shall promptly notify the Corporation of any change in ownership of the Lot owned or formerly owned by the Regular Member. The Corporation may charge the current Regular Member a fee if and each time the Corporation must determine at its own cost the status of that Regular Member or ownership of that Regular Member's Lot or any change in address for that Regular Member by searching title to the Lot in which that Regular Member has an interest.

ARTICLE IV
MEETINGS OF MEMBERS

4.1 Place of Meetings – Meetings of the Members may be held at any place within Calgary or the municipality containing the Lands as determined by the Board.

4.2 Annual Meetings – The Board shall call an annual meeting no later than eighteen months (18) months (or such shorter period as prescribed by the Regulations) after the Corporation came into existence and subsequently, not later than fifteen (15) months (or such shorter period as prescribed by the Regulations) after the last preceding annual meeting but not later than six (6) months (or such shorter period as prescribed by the Regulations) after the end of the Corporation’s preceding financial year.

The Board shall call an annual Meeting of Members for the purpose of:

- (a) considering the financial statements and reports of the Corporation required by the Act to be presented at the meeting;
- (b) electing directors;
- (c) appointing a public accountant, if required under Part 12 of the Act or under this By-Law; and
- (d) transacting such other business as may properly be brought before the meeting or is required under the Act.

Any other matters of business shall constitute special business and a Special Meeting of Members will need to be held unless notice of such special business is given with the notice of the annual meeting in which case the special business may be considered at such annual meeting.

4.3 Special Meetings – The Board may at any time call a Special Meeting of Members for the transaction of any business which may properly be brought before the Members. The Board shall call a Special Meeting of Members on written requisition of Members carrying not less than the lesser of:

- (a) five per cent (5%) of the voting rights (or such lesser percentage as provided in the Regulations); and
- (b) fifteen (15) votes.

The requisition for a meeting shall state the business to be transacted at the meeting and shall be sent to each director and to the registered office of the Corporation. If the Board does not call a meeting within twenty-one (21) days (or such shorter period as set forth in the Regulations) of receiving the requisition and the Board is not relieved from calling such meeting as provided in the Act, any Member who signed the requisition may call the meeting. Notwithstanding the foregoing, the Board shall call a Special Meeting of Members on written requisition of any Member proposing the removal of a member of the Board who has been convicted of an indictable offence, or any offence (whether or not indictable) involving fraud, theft or dishonesty, or an offence that compromises the property or reputation of the Corporation as determined by the Board.

4.4 Notice of Meetings – Notice of the time and place of a Meeting of Members shall be sent to the following:

- (a) to each Member entitled to vote at the meeting and registered on the records of the Corporation at the time:
 - (i) notice is sent; or
 - (ii) of any record date fixed by the Board in accordance with the Act, or failing such record date being fixed, on the record date established pursuant to the Act;
- (b) to each director; and
- (c) to the public accountant of the Corporation, if any.

A notice shall be provided at least twenty-one (21) days but no more than sixty (60) days (or within such other period as prescribed by the Regulations) prior to the meeting. A notice shall be provided in accordance with the requirements of Article XII of this By-Law and the Regulations and shall, subject to the Act and this By-Law, include any proposal submitted to the Corporation and required to be included with the notice as set forth under the Act. Notice of a Meeting of Members at which special business is to be transacted shall:

- (i) state the nature of that business in sufficient detail to permit the Member to form a reasoned judgment on the business; and
- (ii) provide the text of any Special Resolution or By-Law amendment or addition to be submitted to the meeting.

A Member that is not given notice of a meeting is not deprived of the right to vote at that meeting.

4.5 Waiving Notice – A person entitled to notice of a Meeting of Members may in any manner and at any time waive notice of a Meeting of Members, and attendance of any such person at a Meeting of Members is a waiver of notice of the meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

4.6 Persons Entitled to be Present – The only persons entitled to be present at a Meeting of Members shall be those entitled to vote at the meeting (including those voting by authority granted under a valid proxy), the directors and the public accountant of the Corporation, if any. Any other person may be admitted only on the invitation of the Chair or with the consent of the meeting.

4.7 Chair of the Meeting – In the event that the Chair and the Vice-Chair are absent, the Members who are present and entitled to vote at the meeting shall choose one of their number to chair the meeting.

4.8 Quorum – Except for an adjourned meeting as provided in Section 4.11 below, a quorum at any Meeting of Members (unless a greater number of Members are required to be present as prescribed by the Regulations) shall be the lesser of:

- (a) five (5) Members; and
- (b) one or more Members who is/are present and who is/are entitled to cast ten percent (10%) or more of all possible votes at that meeting assuming all Members attended that meeting and all were in Good Standing.

If a quorum is present at the opening of a Meeting of Members, the Members present may proceed with the business of the meeting even if a quorum is not present throughout the meeting. If the Corporation has only one Member or only one Member in a class of Members, the Member, present in person or by proxy or who submits a vote that meets the requirements of section 171 of the Act, constitutes the meeting. For the purpose of determining quorum, a Member shall be deemed present if present in person, or by the presence of the Member's proxy, or, if authorized under Section 4.10 below, such Member or the Member's proxy is present by telephonic and/or other electronic means.

4.9 Participation at Meetings by Telephone or Electronic Means – Any person entitled to attend a Meeting of Members (including those entitled by proxy) may participate in the meeting (in accordance with the Regulations, if any) using telephonic, electronic or other communications means that permit all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility or the person in question has access to such a communication facility. A person participating in the meeting by any such means shall be deemed to have been present at that meeting. A person participating by telephonic, electronic or other communication facility may demand a ballot and may vote by any such means if the facility, when necessary, can be adapted so that the votes can be gathered in a manner that permits their subsequent verification and permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how a particular Member or group of Members voted.

4.10 Meeting Held by Electronic Means – If the Board or Members call a Meeting of Members, the Board or Members, as the case may be, may determine that the meeting shall be held entirely by means of a telephonic, an electronic or other communication facility provided such facility permits all participants to communicate adequately with each other during the meeting.

4.11 Adjournment – If, within fifteen (15) minutes from the time appointed for a Meeting of Members, a quorum is not present, the meeting shall stand adjourned to one-half hour past the time appointed for that meeting on the same day at the same place, and no notice of such adjournment (except by an announcement at that meeting) need be given to the Members; and if, at the adjourned meeting, a quorum is not present within fifteen (15) minutes from the time appointed for the adjourned meeting, then the persons entitled to vote who are present shall be a quorum. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

4.12 Absentee Voting – In addition to voting in person, every Member entitled to vote at a Meeting of Members may vote by any of the following means:

- (a) by appointing a proxy holder or one or more alternate proxy holders (who need not be Members but if the proxy holder is a Member then the Member must be in Good Standing) as the Member's nominee to attend, participate and act at the meeting in the manner and to the extent and with the authority conferred by the proxy, subject to the following requirements:
 - (i) the proxy was delivered to the registered office of the Corporation by 3:00 p.m. on the second (2nd) last business day preceding the day of the meeting, at which the proxy is to be used;
 - (ii) a proxy is valid only at the meeting in respect of which it is given or at a continuation of that meeting after an adjournment;
 - (iii) except in the case of a Regular Member who is the Developer, the holder of the proxy does not hold proxies from more than four (4) other Members in which case only the first four (4) valid proxies presented to the Corporation shall be recognized;
 - (iv) a Member may revoke a proxy by depositing an instrument in writing executed by the Member:
 - (i) at the registered office of the Corporation no later than 3:00 p.m. on the last business day preceding the day of the meeting at which the proxy is to be used, or
 - (ii) with the Chair on the day of the meeting;
 - (v) a proxy holder or an alternate proxy holder has the same rights as the Member by whom they were appointed, including the right to speak at a Meeting of Members in respect of any matter, to vote by way of ballot at the meeting, to demand a ballot at the meeting and, except where a proxy holder or an alternate proxy holder has conflicting instructions from more than one Member, to vote at the meeting by way of a show of hands;
 - (vi) if a form of proxy is created by a person other than the Member, the form of proxy shall:
 - (i) indicate, in bold-face type:
 - (1) the meeting at which it is to be used;
 - (2) that the Member may appoint a proxy holder, other than a person designated in the form of proxy, to attend and act on their behalf at the meeting; and
 - (3) instructions on the manner in which the Member may appoint the proxy holder;

- (ii) contain a designated blank space for the date of the signature and for the Member's signature;
 - (iii) provide a means for the Member to designate some other person as proxy holder, if the form of proxy designates a person as proxy holder;
 - (iv) provide a means for the Member to specify that the membership registered in the Member's name is to be voted for or against each matter, or group of related matters, identified in the notice of meeting, other than the appointment of a public accountant and the election of directors;
 - (v) provide a means for the Member to specify that the membership registered in the Member's name is to be voted or withheld from voting in respect of the appointment of a public accountant or the election of directors; and
 - (vi) state that the membership represented by the proxy is to be voted or withheld from voting, in accordance with the instructions of the Member, on any ballot that may be called for and that, if the Member specifies a choice under Section 4.12(a)(vi)(iv)12(a)(vi)(D) or 4.12(a)(vi)(E) above with respect to any matter to be acted on, the membership is to be voted accordingly;
 - (vii) a form of proxy may include a statement that, when the proxy is signed, the Member confers authority with respect to matters for which a choice is not provided in accordance with Section 4.12(a)(vi) above only if the form of proxy states, in bold-face type, how the proxy holder is to vote the membership in respect of each matter or group of related matters;
 - (viii) if a form of proxy is sent in electronic form, the requirements that certain information be set out in bold-face type are satisfied if the information in question is set out in some other manner so as to draw the addressee's attention to the information; and
 - (ix) a form of proxy that, if signed, has the effect of conferring a discretionary authority in respect of amendments to matters identified in the notice of meeting or other matters that may properly come before the meeting must contain a specific statement to that effect;
- (b) by using a mailed-in ballot in the form provided by the Corporation provided that the Corporation has a system that enables the votes to be gathered in a manner that permits their subsequent verification and permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each Member voted; or
 - (c) by means of a telephonic, electronic or other communication facility, if the facility enables the votes to be gathered in a manner that permits their subsequent

verification and permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each Member voted.

4.13 Votes to Govern – All questions proposed for consideration of the Members shall be determined by Ordinary Resolution of the Members. In case of an equality of votes, the Chair shall have a second or casting vote.

4.14 Show of Hands – Except where a ballot is demanded or voting is permitted electronically, voting on any question proposed for consideration at a Meeting of Members shall be by show of hands, and a declaration by the Chair of the meeting as to whether or not the question or motion has been carried and an entry to that effect in the minutes of the meeting shall, in the absence of evidence to the contrary, be evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the motion.

4.15 Ballots – For any question proposed for consideration at a Meeting of Members, either before or after a vote by show of hands has been taken, the Chair of the meeting, or any Member or proxy holder may demand a ballot, in which case the ballot shall be taken in such manner as the Chair directs and the decision of the Members on the question shall be determined by the result of such ballot.

4.16 Resolution in Lieu of Meeting – Except where a written statement is submitted to the Corporation by a director under subsection 131(1) of the Act or by a public accountant under subsection 187(4) of the Act:

- (a) a resolution in writing signed by all the Members entitled to vote on that resolution at a Meeting of Members is as valid as if it had been passed at a Meeting of Members; and
- (b) a resolution in writing dealing with all matters required by the Act to be dealt with at a Meeting of Members, and signed by all the Members entitled to vote at that meeting, satisfies all the requirements of the Act relating to that Meeting of Members;

provided that on the date of the last required signature the requisite number of persons who previously signed the resolution in writing remain Members of the Corporation.

A copy of every resolution referred to above shall be kept with the minutes of meetings of Members.

4.17 Annual Financial Statements – The Corporation may, instead of sending copies prior to an annual meeting [as required under subsection 175(1) of the Act within the period prescribed by the Regulations] of the annual financial statements and other documents referred to in subsection 172(1) (Annual Financial Statements) of the Act to the Members, give a notice to its Members stating that the annual financial statements and documents provided in subsection 172(1) of the Act are available at the registered office of the Corporation and any Member may, on request, obtain a copy free of charge (unless the Act does not require the same to be supplied free of charge in which case the Board may be entitled to set and charge a fee for such copy) at the registered office or by prepaid mail.

ARTICLE V
DIRECTORS

5.1 Powers – The Board shall manage (or, to the extent delegated, supervise the management of) the activities and affairs of the Corporation. Without restricting the generality of the foregoing, the Board has the power (but not the obligation) to:

- (a) enforce any restrictive covenant in respect to any part of the Lands wherein the Corporation is named a party or has the benefit of or the power to enforce the restrictions set forth therein, as the Board may determine in its sole discretion;
- (b) make and amend Rules from time to time; and
- (c) take such steps as it deems advisable to ensure that the Corporation is treated as exempt from payment of real property taxes in respect to its realty under *The Municipal Government Act*.

5.2 Number – Until changed in accordance with the Act, the Board shall consist of that number of directors specified in the Articles. If the Articles specify a minimum and a maximum number of directors, the Board shall be composed of the fixed number of directors as determined from time to time by the Members by Ordinary Resolution or, if the Ordinary Resolution empowers the directors to determine the number, by resolution of the Board. No decrease in the number of directors shall shorten the term of an incumbent director. So long as the Developer is a Developer Member, the Developer Member shall be exclusively entitled to appoint the majority of the members of the Board or such greater number as it determines.

5.3 Qualifications – The following persons are disqualified from being a director of the Corporation:

- (a) anyone who is less than 18 years of age;
- (b) anyone who has been declared incapable by a court in Canada or in another country;
- (c) anyone who is not an individual;
- (d) an individual who is indebted to the Corporation, or an individual who is an employee, shareholder, director or officer of a Member which is indebted to the Corporation, where such indebtedness has remained outstanding for more than ten (10) days after notice of any of such indebtedness has been given by the Corporation to that individual;
- (e) a person who refuses or fails to consent in writing to a criminal records check in respect to that person, which consent shall be provided:
 - (i) concurrent with that person's nomination (if his nomination is made before the meeting or if his nomination is made at the meeting and he is present at that meeting) or immediately after that person's election (if that person was not present at the meeting at which he was nominated and elected as a director); and

- (ii) each time and within fifteen (15) days of written request by the Board [provided at least twelve (12) months have lapsed from the date of any previous request];
- (f) a person who refuses or fails to consent in writing [within fifteen (15) days of being requested in writing by the Board to provide such consent] to the release to the Corporation of a driver abstract (being a government agency produced document respecting that person providing personal information and current status of that person's operator's licence and a list of any conviction information, any applicable demerit points, and suspensions) if that person will have or does have care and control of a motor vehicle owned or leased by the Corporation;
- (g) a person who is resident at the same address as another member of the Board or nominee to the Board who has consented to such nomination; or
- (h) a person who has the status of bankrupt.

A director need not be a Member.

5.4 Election and Term – The Members shall elect by Ordinary Resolution, at the first Meeting of Members and at each annual meeting at which an election of directors is required, directors to hold office for a term expiring at the close of the second annual Meeting of Members following the election, except that a certain number of the directors elected at the first annual Meeting of Members or any subsequent Meeting of Members where the number of directors are increased shall hold office for a term expiring at the close of the first annual Meeting of Members following the election; the said number of directors to be elected with an initial shorter term of office shall be the number necessary to provide staggered terms of the directors so that half (or approximately half in the case of an odd number of directors) of the directors will be subject to their term of office expiring at the same time. A director not elected for an expressly stated term ceases to hold office at the close of the first annual Meeting of Members following his election, but, if qualified, is eligible for re-election. If directors are not elected at a Meeting of Members, the incumbent directors continue in office until their successors are elected.

5.5 Consent – An individual who is elected or appointed to hold office as a director is not a director, and is deemed not to have been elected or appointed to hold office as a director, unless:

- (a) that individual, if present at the meeting at which the election or appointment took place, consented to hold office or did not refuse to hold office; or
- (b) that individual, if not present at the meeting at which the election or appointment took place, either:
 - (i) consented to hold office in writing before the election or appointment took place or within ten (10) days thereafter (or within such other time as provided in the Regulations); or
 - (ii) acted as a director after such individual's election or appointment.

5.6 Vacation of Office – A director ceases to hold office when the director dies, resigns, is removed from office by the Members, or becomes disqualified to serve as a director.

5.7 Resignation – A director may resign from office by giving a written resignation to the Corporation and such resignation becomes effective when received by the Corporation or at the time specified in the resignation, whichever is later.

5.8 Removal – The Developer Member may, by Ordinary Resolution passed at a Special Meeting of Members, remove any director appointed by the Developer Member from office before the expiration of the director's term and may elect a qualified individual to fill the resulting vacancy for the remainder of the term of the director so removed, failing which such vacancy may be filled by the Board as provided by the By-Law.

5.9 Vacancies –

- (a) Subject to Section 5.8 above and subject to the Act, a vacancy on the Board may be filled for the remainder of the term by a qualified individual by Ordinary Resolution of the directors provided the total number of directors so appointed do not exceed one third of the number of directors elected at the preceding annual Meeting of Members and provided the term of such individual shall expire at the close of the next annual Meeting of Members.
- (b) Notwithstanding the above, if there is not a quorum of directors or if a vacancy results from either: (i) an increase in the number or change to the minimum or maximum number of directors provided in the Articles; or (ii) a failure to elect the number of directors required to be elected at any Meeting of Members, the directors then in office shall call a Special Meeting of Members to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any Member; if the director who is ceasing to hold office was elected by a particular class or group of Members, such vacancy shall only be filled by a vote of the Members of that particular class or group of Members.

5.10 Remuneration and Expenses – If within the range permitted by an Ordinary Resolution of the Members, the directors of the Corporation may, by resolution, fix the reasonable remuneration of the directors and officers of the Corporation. The Board may fix the remuneration of employees. Any director, officer or employee of the Corporation may receive reimbursement for their expenses incurred on behalf of the Corporation in their respective capacities as a director, officer or employee. In addition, a director or officer may receive reasonable remuneration and expenses for any services to the Corporation that are performed in a capacity other than as a director or officer.

5.11 Borrowing and Other Powers – The directors of the Corporation may, without authorization of the Members:

- (a) borrow money on the credit of the Corporation provided such sum of money borrowed in any fiscal year does not exceed two percent (2%) of the previous fiscal year's expenses of the Corporation unless such excess is being borrowed from the Developer (notwithstanding the aforesaid limit, the Corporation may, without authorization of the Members, borrow from time to time additional sums of money equal to the amount of outstanding contributions due to the Corporation

by Regular Members provided that such contributions, as they are received by the Corporation, are applied to reduce the sums so borrowed);

- (b) issue, reissue, sell, pledge or hypothecate debt obligations of the Corporation provided such debt obligations issued, pledged or hypothecated in any given fiscal year do not exceed two percent (2%) of the previous fiscal year's expenses of the Corporation unless such excess debt obligations are issued, pledged or hypothecated to the Developer;
- (c) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any debt obligation of the Corporation;
- (d) authorize expenditures on behalf of the Corporation and delegate, by resolution, to an officer or officers of the Corporation, such authority to such maximum amounts as determined by the Board;
- (e) employ and pay salaries to employees on behalf of the Corporation and delegate, by resolution, to an officer or officers of the Corporation, such authority;
- (f) for the purpose of furthering the purpose of the Corporation, acquire, accept, solicit, or receive legacies, gifts, grants, settlements, bequests, endowments, and donations of any kind whatsoever on behalf of the Corporation; and
- (g) enter into an HOA Agreement respecting the right and obligation to maintain all or any part of the HOA Amenities as provided therein, including without restriction, the provision of security which may be required thereunder from time to time.

The directors of the Corporation may, with authorization pursuant to an Ordinary Resolution of the Members:

- (i) borrow money on the credit of the Corporation in excess of the limits provided in (a) immediately above;
- (ii) issue, reissue, sell, pledge or hypothecate debt obligations of the Corporation in excess of the limits provided in (b) immediately above;
- (iii) give a guarantee on behalf of the Corporation.

5.12 Notice of Directors – The Corporation shall file, as required under the Act, a notice of any changes among its directors or of any address of a director. A director shall, within fifteen (15) days (or such other time required by the Regulations), send the Corporation a notice of any change in his or her address.

5.13 Management by the Developer and Limitation on Directors – Neither the Board nor the Corporation shall interfere with or try to exercise any authority or control or otherwise influence the development, construction, management and operation of any of the HOA Amenities until, and only to the extent, management and operation thereof is transferred to the Corporation by the Developer (in whole or in part) or the Developer ceases to manage and

operate the HOA Amenities, whereupon the Corporation shall assume full responsibility therefor including the assumption of all agreements that the Developer may have entered into with the Municipality respecting all or any part of the HOA Amenities. The Corporation has entered into a management agreement with the Developer which provides that the Developer shall be entitled (but not obligated) to manage and operate the HOA Amenities until the Developer has fully subdivided the Lands sold each of the Lots and has been repaid all monies that may have become due and owing to it by the Corporation. The initial HOA Amenities are being negotiated, designed, engineered and planned solely by the Developer who has agreed to be responsible for the development and construction of such HOA Amenities (subject to receipt of grants or other similar funding which may be available to the Developer or the Corporation at the time of the development and construction of such HOA Amenities or in future years and further, subject to such agreements as the Developer may enter into with any other party which may be identified by the Developer as developing part of the Lands). The Developer has also agreed to be responsible for the management and operation of the HOA Amenities (directly or indirectly through a contract for services with a third party manager) for a limited period of time and to, within a certain specified period of time, transfer title to, and the operation and management of, such HOA Amenities to the Corporation at the option of the Developer, provided that the Corporation does not hinder the Developer's efforts or increase the costs for development, construction, management and operating the HOA Amenities by becoming involved in, investigating or interfering in or trying to exercise any authority or control in the development, construction, management and operation of the HOA Amenities.

ARTICLE VI **COMMITTEES**

6.1 Delegation – Executive Committee The Board may appoint from their number a managing director or a committee of directors (which may be referred to as an executive committee) and delegate to the managing director or executive committee any of the powers of the Board except those which may not be delegated by the Board pursuant to subsection 138(2) of the Act. Unless otherwise determined by the Board, such an executive committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chair, and to otherwise regulate its procedures.

6.2 Other Committees – The Board may from time to time appoint any committee (including an audit committee as contemplated under section 194 of the Act) or other advisory body, as it deems necessary or appropriate for such purposes and, subject to the Act, with such powers as the Board shall see fit. Any such committee may formulate its own rules of procedure, subject to such regulations or directions as the Board may from time to time make. Any committee member may be removed by resolution of the Board. The Board may fix any remuneration for committee members who are not also directors of the Corporation.

ARTICLE VII **MEETINGS OF DIRECTORS**

7.1 Place of Meetings – Meetings of the Board may be held at the registered office of the Corporation or at any other place within the municipality within which the Lands are located or within the City of Calgary as the Board may determine.

7.2 Calling of Meetings – Meetings of the Board may be called at any time by the Chair, the Vice-Chair, or any two (2) directors; provided that for the first organization meeting following incorporation, such meeting may be called by any director or incorporator. If the Corporation has only one director, that director may call and constitute a meeting.

7.3 Notice of Meeting – Notice of the time and place for the holding of a meeting of the Board shall be given in the manner provided in Article XII of this By-Law to every director of the Corporation not less than seven (7) days before the time when the meeting is to be held. Notice of a meeting shall not be necessary if all of the directors are present, and none objects to the holding of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of such meeting. Notice of an adjourned meeting is not required if the time and place of the adjourned meeting is announced at the original meeting. Every notice of meeting must specify the purpose or the business to be transacted at the meeting, except regular meetings provided for under Section 7.5 below unless required by the Act.

7.4 First Meeting of New Board – Provided that a quorum of directors is present, a newly-constituted Board may, without notice, hold its first meeting immediately following the Meeting of Members at which such Board is constituted.

7.5 Regular Meetings – The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings of the Board shall be sent to each director immediately after being passed, but no other notice shall be required for any such regular meeting except if subsection 136(3) (Notice of Meeting) of the Act requires the purpose thereof or the business to be transacted to be specified in the notice.

7.6 Quorum – A majority of the number of directors set at the last annual Meeting of Members constitutes a quorum at any meeting of the Board, and, despite any vacancy among the directors, a quorum of directors may exercise all the powers of the directors. For the purpose of determining quorum, a director may be present in person, or, if authorized under Section 7.8 below, by teleconference and/or by other electronic means. A quorum must be maintained throughout the meeting.

7.7 Resolutions in Writing – A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or of a committee of directors, shall be as valid as if it had been passed at a meeting of directors or committee of directors. A copy of every such resolution in writing shall be kept with the minutes of the proceedings of the directors or committee of directors.

7.8 Participation at Meeting by Telephone or Electronic Means – A director may, in accordance with the Regulations and if all directors are in agreement and have provided their consent, participate in a meeting of directors or of a committee of directors using telephonic, electronic or another communication facility that permits all participants to communicate adequately with each other during the meeting. A director participating in the meeting by such means shall be deemed for the purposes of the Act to have been present at that meeting.

7.9 Chair of the Meeting – In the event that the Chair and the Vice-Chair are absent, the directors who are present shall choose one of their number to chair the meeting.

7.10 Votes to Govern – At all meetings of the Board, every question shall be decided by a majority of the votes cast on the question. Each director shall have one vote. In case of an equality of votes, the Chair shall have a second or casting vote. Directors may not appoint proxies to attend meetings in their stead.

ARTICLE VIII **OFFICERS**

8.1 Appointment – The Board may designate the offices of the Corporation, appoint officers on an annual or more frequent basis, specify their duties and delegate to such officers the power to manage the affairs of the Corporation subject to any limitations provided for in the Act. A director may be appointed to any office of the Corporation. An officer may, but need not be, a director unless the By-Law provides otherwise. Two or more offices may be held by the same person.

ARTICLE IX **DESCRIPTION OF OFFICES**

9.1 Description of Offices – Unless otherwise specified by the Board, the officers of the Corporation shall have the following duties and powers associated with their positions:

- (a) **President and Chair of the Board** – The President and Chair of the Board shall be a director. The Chair, if any, shall, when present, preside at all meetings of the Board and of the Members. The Chair shall have such other duties and powers as the Board may specify.
- (b) **Vice-President(s)** – One or more Vice-Presidents may be appointed, each of whom shall be a director. The Vice-President (or the Vice-President selected by the Board if there are more than one Vice-President) shall act as Vice-Chair if the Chair is absent or is unable or refuses to act, and as Vice-Chair shall, when present, preside at all meetings of the Board and of the Members and shall have such others duties and powers as the Board may specify.
- (c) **Secretary** - If appointed, the Secretary shall attend and be the secretary of all meetings of the Board, Members and committees of the Board. The Secretary shall enter or cause to be entered in the Corporation’s minute book, minutes of all proceedings at such meetings; the Secretary shall give, or cause to be given, as and when instructed, notices to Members, directors, the public accountant, the Director appointed by the federal minister responsible for enforcement of the Act, and members of committees; the Secretary shall be the custodian of all books, papers, records, documents and other instruments belonging to the Corporation and shall maintain such registers of Members, directors, officers, and debt obligations as may be directed by the Board.
- (d) **Treasurer** - If appointed, the Treasurer shall have such powers and duties as the Board may specify.

The powers and duties of all other officers of the Corporation shall be such as the terms of their engagement call for or the Board requires of them. The Board may from time to time and subject to the Act, vary, add to or limit the powers and duties of any officer. In the case of an

office where the officer is not required to be a director (as provided above), a person shall not be qualified to be appointed as such an officer or to continue as an officer if that person resides at the same address as a member of the Board.

9.2 Vacancy in Office – In the absence of a written agreement to the contrary, the Board may remove, whether for cause or without cause, any officer of the Corporation. Unless so removed, an officer shall hold office until the earlier of:

- (a) the officer's successor being appointed;
- (b) the officer's resignation;
- (c) that officer residing at the same address as a member of the Board;
- (d) such officer ceasing to be a director (if a necessary qualification of appointment);
or
- (e) such officer's death.

If the office of any officer of the Corporation shall be or become vacant, the directors may, by resolution, appoint a person to fill such vacancy.

9.3 Remuneration of Officers – The remuneration of all officers appointed by the Board shall be determined in accordance with Section 5.10 above.

ARTICLE X

CONFLICT OF INTEREST

10.1 Conflict of Interest –

- (a) Any director or officer of the Corporation who:
 - (i) is a party to a material contract or material transaction or proposed material contract or material transaction with the Corporation; or
 - (ii) is a director or officer (or an individual acting in a similar capacity) of or has a material interest in any body corporate or other entity who is a party to a material contract or material transaction or proposed material contract or material transaction with the Corporation;

shall disclose in writing at the directors' meeting or have entered in the minutes, the nature and extent of such director's or officer's interest in such actual or proposed material contract or material transaction with the Corporation.

- (b) The disclosure required by (a) above, shall be made, in the case of a director:
 - (i) at the directors' meeting at which a proposed contract or proposed transaction is first considered;

- (ii) if the director was not then interested in a proposed contract or proposed transaction, at the first directors' meeting after such director becomes so interested;
 - (iii) if the director becomes interested after a contract or transaction is made, at the first directors' meeting held after the director becomes so interested; or
 - (iv) if an individual who is interested in a contract or transaction later becomes a director, at the first directors' meeting held after the individual becomes a director.
- (c) The disclosure required by (a) above, shall be made, in the case of an officer who is not a director:
 - (i) immediately after the officer becomes aware that the contract, transaction, proposed contract, or proposed transaction is to be considered or has been considered at a directors' meeting;
 - (ii) if the officer becomes interested after a contract or transaction is made, immediately after the officer becomes so interested; or
 - (iii) if an individual who is interested in a contract or transaction later becomes an officer, immediately after the individual becomes an officer.
- (d) If a material contract or material transaction, whether entered into or proposed, is one that, in the ordinary course of carrying on the Corporation's activities, would not require approval by the directors or Members, a director or an officer shall, immediately after that director or officer becomes aware of the contract or transaction, disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors or of committees of directors, the nature and extent of that director's or officer's interest.
- (e) A director required to make a disclosure under Section 10.1(a)(i) above shall not vote on any resolution to approve the contract or transaction unless the contract or transaction:
 - (i) relates primarily to the director's remuneration as a director, an officer, an employee, or an agent of the Corporation or an affiliate;
 - (ii) is for indemnity or insurance under section 151 of the Act; or
 - (iii) is with an affiliate.
- (f) For the purposes of this Section 10.1, a general written notice to the directors declaring that a director or officer is to be regarded as interested, for any of the following reasons, in a contract or transaction made with a party, is a sufficient declaration of interest in relation to the contract or transaction:
 - (i) the director or officer is a director or an officer, or acting in a similar capacity, of a party referred to in Section 10.1(a)(ii) above;

- (ii) the director or officer has a material interest in the party; or
 - (iii) there has been a material change in the nature of the director's or the officer's interest in the party.
- (g) A contract or transaction for which disclosure is required is not invalid, and the director or officer is not accountable to the Corporation or its Members for any profit realized from the contract or transaction, because of the director's or officer's interest in the contract or transaction or because the director was present or was counted to determine whether a quorum existed at the meeting of directors or of the committee of directors that considered the contract or transaction if:
 - (i) disclosure of the interest was made in accordance with this Section;
 - (ii) the directors approved the contract or transaction; and
 - (iii) the contract or transaction was reasonable and fair to the Corporation when it was approved.
- (h) Even if the conditions under Section 10.1(g) above are not met, a director or an officer, acting honestly and in good faith, is not accountable to the Corporation or to its Members for any profit realized from a contract or transaction for which disclosure is required, and the contract or transaction is not invalid by reason only of the interest of the director or officer in the contract or transaction, if:
 - (i) the contract or transaction is approved or confirmed by Ordinary Resolution at a Meeting of Members;
 - (ii) disclosure of the interest was made to the Members in a manner sufficient to indicate its nature and extent before the contract or transaction was approved or confirmed by the Members; and
 - (iii) the contract or transaction was reasonable and fair to the Corporation when it was approved or confirmed by the Members.
- (i) A contract is not void by reason only of the failure of a director or officer to comply with the provisions of this Section 10.1 but a court may upon the application of the Corporation or a Member, set aside or annul the contract or transaction on any terms that it thinks fit, require the director or officer to account to the Corporation for any profit or gain realized on the contract or transaction, or make any other order that the court thinks fit.
- (j) The Members of the Corporation may examine the portions of any minutes of meetings of directors or of committees of directors that contain disclosures under this Section, and of any other documents that contain those disclosures, during the Corporation's usual business hours.

It is hereby disclosed to all Members that persons appointed to the Board by the Developer may be directors and/or officers of the Corporation as well as an employee, director or officer of the Developer. All Regular Members do hereby unanimously and

entirely release the Developer (and its directors, officers, employees and appointees), the Corporation and the members of the Board from the legal results of any conflict that the Corporation or the Developer may otherwise be in as a result of the Developer, or its respective affiliates and contracted service providers, and the Corporation entering into an agreement for the development, the management of, and delivery of the HOA Amenities to the Corporation. Except as required by the Act, the foregoing provisions (a) to (j) shall not apply to Board members or officers related or affiliated with the Developer to the extent of agreements or transactions between the Developer and the Corporation.

ARTICLE XI

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

11.1 Standard of Care – Every director and officer of the Corporation, in exercising such person’s powers and discharging such person’s duties, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. No provision in a contract, the Articles, the By-Law or a resolution relieves a director or officer from the duty to act in accordance with the Act or Regulations or relieves that director or officer from liability for a breach of the Act or the Regulations. Every director and officer of the Corporation shall comply with the Act, the Regulations, Articles, and By-Law.

11.2 Limitation of Liability – Provided that the standard of care required of the director or officer under the Act and the By-Law has been satisfied, no director or officer 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 other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the money of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the money, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on the director’s or officer’s part, or for any other loss, damage or misfortune which shall happen in the execution of such person’s duties of office, unless the same are occasioned by the director or officer’s own wilful neglect or default or otherwise result from the director’s or officer’s failure to act in accordance with the Act or the Regulations.

11.3 Indemnification of Directors and Officers – Subject to any limitations under the Act, the Corporation shall indemnify a director, an officer of the Corporation, a former director or officer of the Corporation, or another individual who acts or acted at the Corporation’s request as a director or officer or in a similar capacity of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by such individual in respect of any civil, criminal, administrative, or investigative action or other proceeding in which the individual is involved because of that association with the Corporation or other entity if:

- (a) the person acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation’s request; and

- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the conduct was lawful.

The Corporation may indemnify such individual in all such other matters, actions, proceedings and circumstances as may be permitted by the Act or the law. Nothing in this By-Law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this By-Law.

11.4 Insurance – Subject to the Act, the Corporation shall purchase and maintain insurance for the benefit of any person entitled to be indemnified by the Corporation pursuant to Section 11.3 above against any liability incurred by the individual in the individual’s capacity as a director or an officer of the Corporation; or in the individual’s capacity as a director or officer, or in a similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation’s request.

ARTICLE XII

NOTICES

12.1 Method of Giving Notices – Subject to compliance with the Regulations if any pertain thereto and subject to any limitations in the Act, any notice (which term includes any communication or document including the information therein) to be given to a Member, director, officer, member of a committee of the Board, or the public accountant, if any, shall be sufficiently given if given by pre-paid mail, courier or personal delivery, or, if the person has consented in writing to receiving information or documents by electronic means and has not provided written revocation of that consent, by an electronic, telephonic, or other communication facility. If a Member provides written notice to the Corporation that he wants a notice of a meeting by non-electronic means, then the notice of meeting shall be sent to that Member by pre-paid mail, courier or personal delivery unless the Corporation uses one of the below-stated alternative methods of posting or publishing the notice of meeting. Any notice (which term includes any communication or document including the information therein) to be given to the Corporation shall be sufficiently given if given by pre-paid mail, courier or personal delivery to the registered office of the Corporation. Alternatively, and subject to the Regulations, in the case of notice of a Meeting of Members, the Corporation may give notice by:

- (a) affixing the notice, no later than thirty (30) days (or such longer period as may be required by the Regulations) before the day on which the meeting is to be held, to a notice board on which information respecting the Corporation’s activities is regularly posted and that is located in a place frequented by Members; or
- (b) if the Corporation has more than 250 Members, publication:
 - (i) at least once a week for the three weeks (or more frequently or longer as may be required by the Regulations) immediately before the day on which the meeting is to be held in one or more newspapers circulated in the municipalities in which the majority of the Members reside as shown by their addresses in the register of Members; or
 - (ii) at least once in a publication of the Corporation that is sent to all of its Members during a period of twenty-one (21) to sixty (60) days (or such

other period as may be required by the Regulations) before the day on which the meeting is to be held.

A Special Resolution of the Members is required to make any amendment to the By-Law of the Corporation to change the manner of giving notice to Members entitled to vote at a Meeting of Members.

12.2 Deemed Delivery – A notice so delivered shall be deemed to have been given when it is delivered personally or couriered or delivered personally to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given the third (3rd) day following the postmark date of the mailed notice; and a notice so sent by any means of electronic or similar communication shall be deemed to have been given when delivered to the appropriate electronic server or equivalent facility. The Secretary may change or cause to be changed the recorded address of any Member, director, officer, public accountant or member of a committee of the Board in accordance with any information believed by the Secretary to be reliable; it is agreed that the address of any Member shown on the Certificate of Title to the Lot owned by that Member shall be deemed to be reliable information. The declaration by the Secretary that notice has been given pursuant to this By-Law shall be sufficient and conclusive evidence of the giving of such notice. The signature of any director or officer of the Corporation to any notice or other document to be given by the Corporation may be written, stamped, type-written or printed or partly written, stamped, type-written or printed.

12.3 Omissions and Errors – The accidental omission to give any notice to any Member, director, officer, member of a committee of the Board or public accountant, or the non-receipt of any notice by any such person where the Corporation has provided notice in accordance with the By-Law, or any error in any notice not affecting its substance, shall not invalidate any action taken at any meeting to which the notice pertained or otherwise founded on such notice.

12.4 Waiver of Notice – Any person entitled to notice may waive or abridge the time for any notice required to be given to such person, and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing.

ARTICLE XIII **DISPUTE RESOLUTION**

13.1 Mediation and Arbitration – Disputes or controversies among Members, directors, or officers of the Corporation are as much as possible to be resolved in accordance with mediation and/or arbitration as provided in Section 13.2.

13.2 Dispute Resolution Mechanism – In the event that a dispute or controversy among Members, directors, or officers of the Corporation arising out of or related to the Articles or By-Law, or out of any aspect of the operations of the Corporation, is not resolved in private meetings between the parties then without prejudice to or in any other way derogating from the rights of the Members, directors, or officers of the Corporation as set out in the Articles, By-Law or the Act, and as an alternative to such person instituting a law suit or legal action, such dispute or controversy shall be settled by a process of dispute resolution as follows:

- (a) the dispute or controversy shall first be submitted to a panel of mediators whereby the one party appoints one mediator, the other party appoints one mediator, and the two mediators so appointed jointly appoint a third mediator; the three mediators will then meet with the parties in question in an attempt to mediate a resolution between the parties;
- (b) the number of mediators may be reduced from three to one or two upon agreement of the parties;
- (c) if the parties are not successful in resolving the dispute through mediation, then the dispute shall be settled by arbitration before a single arbitrator, who shall not be any one of the mediators referred to above, in accordance with the laws of the Province of Alberta; all proceedings relating to arbitration shall be kept confidential and there shall be no disclosure of any kind; the decision of the arbitrator shall be final and binding and shall not be subject to appeal on a question of fact, law or mixed fact and law.

All costs of the mediators appointed in accordance with this Section shall be borne equally by the parties to the dispute or the controversy. All costs of the arbitrators appointed in accordance with this Section shall be borne by such parties as may be determined by the arbitrators.

ARTICLE XIV **SPECIAL RESOLUTIONS AND VOTING BY CLASS**

14.1 Special Resolutions – For greater certainty, a Special Resolution of the Members is required to make any amendment to the By-Law or to the Articles to:

- (a) change the Corporation's name;
- (b) change the province in which the Corporation's registered office is situated;
- (c) add, change or remove any restriction on the activities that the Corporation may carry on;
- (d) create a new class or group of Members;
- (e) change a condition required for being a Member;
- (f) change the designation of any class or group of Members or add, change or remove any rights and conditions of any such class or group;
- (g) divide any class or group of Members into two or more classes or groups and fix the rights and conditions of each class or group;
- (h) add, change or remove a provision respecting the transfer of a membership;
- (i) subject to section 133 of the Act, increase or decrease the minimum and maximum number of directors fixed by the Articles;
- (j) change the statement of the purpose of the Corporation;

- (k) change the statement concerning the distribution of property remaining on liquidation after the discharge of any liabilities of the Corporation;
- (l) change the manner of giving notice to Members entitled to vote at a Meeting of Members;
- (m) change the method of voting by Members not in attendance at a Meeting of Members; or
- (n) add, change or remove any other provision that is permitted by the Act to be set out in the Articles.

14.2 Voting by Class or Group – The Members of a class of Members are entitled to vote separately as a class on a proposal to make an amendment referred to in Section 14.1 to:

- (a) effect an exchange, reclassification or cancellation of all or part of the Memberships of the class or group;
- (b) add, change or remove the rights or conditions attached to the Memberships of the class or group, including
 - (i) to reduce or remove a liquidation preference, or
 - (ii) to add, remove or change prejudicially voting or transfer rights of the class or group;
- (c) increase the rights of any other class or group of Members having rights equal or superior to those of the class or group;
- (d) increase the rights of a class or group of Members having rights inferior to those of the class or group to make them equal or superior to those of the class or group;
- (e) create a new class or group of Members having rights equal or superior to those of the class or group; or
- (f) effect an exchange or create a right of exchange of all or part of the memberships of another class or group into the memberships of the class or group.

14.3 Special Resolution (Disposition of Property) – The Corporation shall not sell, lease, donate or exchange all or substantially all of its property nor any real property owned by it without a Special Resolution of all Members (Members having memberships which would not normally carry the right to vote shall nonetheless have the right to vote in respect to such a sale, lease, donation or exchange). Where there is more than one class or group of Members, each such class or group must authorize such sale, lease, donation or exchange by Special Resolution. At a Meeting of Members, the Members may authorize the sale, lease, donation or exchange and may fix, or authorize the directors to fix, any of the terms and conditions of the sale, lease, donation or exchange. The Board may, if authorized by the Members approving a proposed sale, lease, donation or exchange, abandon the sale, lease, donation or exchange without the further approval of the Members.

ARTICLE XV
BY-LAW AND EFFECTIVE DATE

15.1 By-Law and Effective Date – Subject to the Articles, the Board may, by resolution, make, amend or repeal any provisions of the By-Law that regulate the activities or affairs of the Corporation (but not any provisions of the By-Law dealing with the admission or resignation, expulsion or termination of any Members, conditions of membership or transfer of membership). Any such by-law, amendment or repeal shall be effective from the date of the resolution of the Board until the next Meeting of Members where such by-law, amendment or repeal shall be put before the meeting where it may be confirmed, rejected or amended by the Members by Ordinary Resolution. If the by-law, amendment or repeal is confirmed or confirmed as amended by the Members it remains effective in the form in which it was confirmed. The by-law, amendment or repeal ceases to have effect if it is not submitted to the Members at the next Meeting of Members or if it is rejected by the Members at the meeting.

As set out in Article XIV, this Section does not apply to a By-Law amendment that requires a Special Resolution because such By-Law amendments are only effective when confirmed by Members.

If a by-law, amendment or repeal ceases to have effect, a subsequent resolution of the directors that has substantially the same purpose or effect is not effective until it is confirmed, or confirmed as amended, by the Members.

Upon the enactment of this By-Law, all previous by-laws of the Corporation shall be repealed. Such repeal shall not affect the previous operation of any By-Law or affect the validity of any act done or right or privilege, obligation, or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, any such By-Law pursuant to its repeal. All directors, officers, and person acting under any By-Law so repealed shall continue to act as if appointed under the provisions of this By-Law and all resolutions of the Members and of the Board with continuing effect passed under any repealed By-Law shall continue as good and valid except to the extent inconsistent with this By-Law and until amended or repealed.

The Board and all Members shall observe and obey the By-Law and Rules as are applicable to each of them, as the By-Law and Rules are amended from time to time. If any provision of the By-Law or Rules are or become illegal and unenforceable, such provisions shall be severed from the By-Law or Rules, as the case may be, without affecting any other provision of the By-Law or Rules.

ENACTED as of the 1st day of April, 2020.

Alan Boucher

Chair/President

Tanya Selvad

Secretary

CONFIRMED by the Members this 1st day of April, 2020.

HIGHVIEW COMMUNITIES INC.

per:  _____

per: *Daomi Stefua* _____

MELCOR DEVELOPMENTS LTD.

per:  _____

per: *Daomi Stefua* _____



SCHEDULE A

DESCRIPTION OF THE LANDS

MERIDIAN 4 RANGE 29 TOWNSHIP 26
SECTION 34
QUARTER SOUTH WEST
CONTAINING 64.8 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK SAME
AND EXCEPTING THEREOUT LOTS 44, 45, AND 46 IN BLOCK 30, PLAN 1911964

SCHEDULE B
DESCRIPTION OF CERTAIN OF THE HOA AMENITIES

Enhanced landscaping and features on certain public areas contained within the Lands.