

**Red Resort Association
Amended Bylaws**

_____, ~~2008~~2013

TABLE OF CONTENTS

Part 1 - Interpretation	1
Part 2 - Membership	3
Part 3 - Borrowing Powers	4
Part 4 - General Meetings.....	5
Part 5 - Proceedings at General Meetings	5
Part 6 - Votes of Members	7
Part 7 - Directors	10
Part 8 - Powers and Duties of Directors	12
Part 9 - Disclosure of Interest of Directors.....	12
Part 10 - Proceedings of Directors	13
Part 11 - Executive and Other Committees	15
Part 12 - Officers	16
Part 13 - Indemnity and Protection of Directors, Officers and Employees.....	17
Part 14 - Documents, Records and Reports.....	18
Part 15 - Notices	19
Part 16 - Record Dates.....	19
Part 17 - Seal	20
Part 18 - Amendment of Bylaws	20
Part 19 - Assessments Payable by the Red Resort Operator	20
Part 20 - Assessments Payable by Members	20
Part 21 - Purpose of Resort Association.....	21
Part 22 - Winding Up	21
Part 23 - Distribution of Assets on Winding Up	21 <u>22</u>
Schedule "A" Resort Land	
Schedule "B" Form of Agreement with Tourism Rossland	

Red Resort Association Bylaws

_____, ~~2008~~2013

Part 1 - Interpretation

1.1 In these bylaws, unless there is something in the subject or context inconsistent therewith:

"**Annual Fees**" has the meaning set out in Bylaw 20.1(a);

"**Board**" and "the **Directors**" mean the Directors of the RRA from time to time;

"**Chair**" means the Chair of the Board of Directors appointed pursuant to Bylaw 12.1;

"**Commercial Owner**" means an Owner whose Resort Lot, or any portion thereof, is used for any commercial activity other than the rental of residential or hotel accommodation, provided that any Resort Lot owned by the Red Resort Operator or on which commercial activities are carried out under the management of the Red Resort Operator are deemed not to be a Commercial Owner;

"**Elected Directors**" has the meaning set out in Bylaw 7.3(b);

"**First Annual General Meeting**" has the meaning set out in Bylaw 7.5(a);

"**Ordinary Resolution**" means:

- (a) a resolution passed by the members of the RRA in a general meeting by a simple majority of votes cast in person or by proxy; or
- (b) a resolution that has been submitted to the members of the RRA and consented to in writing by 3/4 of the members who would have been entitled to vote thereon in person or by proxy at a general meeting of the RRA; and a resolution so consented to shall be deemed to be an Ordinary Resolution passed at a general meeting of the RRA;

"**Owner**" means the first person listed in the relevant title document as:

- (a) the owner of an estate in fee simple of any Resort Land registered under the *Land Title Act*; or
- (b) the holder of an agreement for sale of any Resort Land registered under the *Land Title Act*.

"**Public**" in respect of a Resort Lot, means any person other than the Owner of that Resort Lot;

"Red Resort Operator" means the principal operator from time to time of the skiing facilities at Red Resort at Rossland, British Columbia who, as at the date of these Bylaws, is Red Resort Limited Partnership;

"Resort Associations Act" means the means the British Columbia *Resort Associations Act*, as amended from time to time;

"Resort Land" means the land located in the City of Rossland, Province of British Columbia and which is described and shown outlined in bold black on the map attached as Schedule "A" or a lot, strata lot or other parcel into which the land is subdivided;

"Resort Lot" means any lot including a strata lot under the *Strata Property Act*, block or other area of land included in the definition of "Resort Land" in these Bylaws;

"RRA" means the Red Resort Association;

"Society Act" means those provisions of the British Columbia *Society Act*, as amended from time to time, which are applicable to the RRA pursuant to the *Resort Association Act*;

"Special Resolution" means:

- (a) a resolution passed by a majority of not less than 3/4 of the votes cast by such members of the RRA as, being entitled so to do, vote in person or by proxy at a general meeting of the RRA;
 - (i) of which 21 days' notice specifying the intention to propose the resolution as a special resolution has been duly given; or
 - (ii) if every member entitled to attend and vote at any such meeting so agrees, of which less than 21 days' notice has been given; or
- (b) a resolution consented to in writing by every member of the RRA who would have been entitled to vote thereon in person or by proxy at a general meeting of the RRA and a resolution so consented to shall be deemed to be a Special Resolution passed at a general meeting of the RRA.

1.2 Expressions referring to writing shall be construed as including references to printing, lithography, typewriting, photography and other modes of representing or reproducing words in the visible form.

1.3 Words importing singular include the plural and vice versa, and words importing male persons include female persons and words importing persons shall include corporations.

- 1.4 The meaning of any words or phrases defined in the *Society Act* and the *Resort Association Act* shall, if not inconsistent with the subject context, bear the same meaning in these Bylaws.
- 1.5 The Rules of Construction contained in the *Interpretation Act* in effect from time to time shall apply, mutatis mutandis to the interpretation of these Bylaws.

Part 2 - Membership

- 2.1 Subject to Bylaw 2.6 and 2.7, the following persons shall be members of the RRA:
- (a) the Red Resort Operator
 - (b) each Owner of Resort Land; and
 - (c) persons who are not Owners but who may become a member pursuant to Section 5 of the Resort Associations Act,

and, with respect to persons specified under Bylaw 2.1(c) only, who files with the RRA an application in such form as the Directors may from time to time prescribe together with evidence satisfactory to the Secretary of the RRA or the Directors that such person is qualified to become a member pursuant to Section 5 of the Resort Associations Act. Upon on acceptance of such application and required evidence by a majority of the directors, such an applicant shall become a member.

- 2.2 Every member shall pay the Annual Fees and shall otherwise comply with these Bylaws.
- 2.3 The amount of the Annual Fees shall be as specified in Bylaws 19 and 20.
- 2.4 A person shall cease to be a member of the RRA:
- (a) when the Board notifies such person in writing that such person no longer meets the requirements for membership as described in Bylaws 2.1 and is no longer a member;
 - (b) on his or her death or in the case of a corporation, on dissolution; or
 - (c) on being expelled; ~~or~~
 - ~~(d) on having been a member not in good standing for 12 consecutive months.~~

- 2.5
- (a) A member may be expelled by a Special Resolution of the members passed at a general meeting.
 - (b) The notice of Special Resolution for expulsion shall be accompanied by a brief statement of the reason or reasons for the proposed expulsion.

- (c) The person who is the subject of the expulsion shall be given an opportunity to be heard at the general meeting before the Special Resolution is put to a vote.
- 2.6 All members are in good standing except a member who has failed to pay his or her current Annual Fees or any other debt due and owing by him or her to the RRA and he or she is not in good standing so long as the debt remains unpaid for a period of two months.
- 2.7 Effective at the time an Owner of Resort Land ceases to be the legal or beneficial owner of such Land, such member shall immediately cease to be a member. Each Owner must give the RRA prior notice of any such disposition.

Part 3 - Borrowing Powers

- 3.1 Without in any way limiting the powers of the Directors contained in Bylaw 8.1, the Directors may from time to time on behalf of the RRA:
- (a) borrow money in such manner and amount, on such security, from such sources and upon such terms and conditions as they deem necessary to carry on the objectives of the RRA;
 - (b) issue bonds, debentures and other debt obligations either outright or as a security for any liability or obligations of the RRA or any other person, but no debenture may be issued without the sanction of a special resolution;
 - (c) mortgage, charge, whether by way of specific or floating charge, or give other security on the undertaking, or on the whole or any part of the property and assets of the RRA (both present and future); and
 - (d) guarantee the repayment of any sum of money borrowed by any person and guarantee the performance of any obligation of any person and may secure the repayment of any sum of money or any obligations so guaranteed in any manner upon any terms and conditions as they may think fit including, without limitation, by the granting of any mortgages or other security on the property of the RRA.
- 3.2 Every bond, debenture or other debt obligations of the RRA shall be signed manually by at least one Director or officer of the RRA, and, in such event, a bond, debenture or other debt obligation so signed is as valid as if signed manually notwithstanding that any person whose signature is so printed or mechanically reproduced shall have ceased to hold the office that he or she is stated on such bond, debenture or other debt obligation to hold at the date of the issue thereof.

Part 4 - General Meetings

- 4.1 The first annual general meeting of the RRA shall be held within 15 months from the date of incorporation and thereafter an annual general meeting shall be held

- once in every calendar year at such time (not being more than 15 months after the holding of the last preceding annual general meeting) and place as may be determined by the Directors.
- 4.2 Every general meeting other than an annual general meeting is an extraordinary general meeting.
- 4.3 The Directors may, whenever they deem necessary, convene an extraordinary general meeting. An extraordinary general meeting, if requisitioned in accordance with the *Society Act*, shall be convened by the Directors or, if not convened by the Directors, may be convened by the requisitionists as provided under the *Society Act*.
- 4.4 A notice convening a general meeting specifying the place, the day, and the hour of the meeting, and in case of special business, the general nature of that business, shall be given as required pursuant to the *Society Act* and in the manner hereinafter in the Bylaws mentioned, to such persons as are entitled by law or under these Bylaws to receive such notice from the RRA. Accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by any member shall not invalidate the proceedings at that meeting.
- 4.5 All the members of the RRA entitled to attend and vote at a general meeting may, by unanimous consent in writing given before, during or after the meeting, or if they are all present at the meeting by a unanimous vote, waive or reduce the period of notice of such meeting and an entry in the minute book of such waiver or reduction shall be sufficient evidence of the due convening of the meeting.
- 4.6 Except as otherwise provided by the *Society Act*, where any special business at a general meeting includes considering, approving, ratifying, adopting or authorizing any document or the execution thereof or the giving of effect thereto, the notice convening the meeting shall, with respect to such document, be sufficient if it states that a copy of the document or proposed document is or will be available for inspection by members at the head office of the RRA or at such other place in British Columbia designated in the notice during usual business hours up to the date of such general meeting.

Part 5 - Proceedings at General Meetings

- 5.1 All business shall be deemed special business which is transacted at:
- (a) An extraordinary general meeting other than the conduct of and voting at such meeting; and
 - (b) An annual general meeting, with the exception of the conduct of and voting at such meeting, the consideration of the financial statement and of the respective reports of the Directors and Auditor, approval of a motion to elect two or more Directors by a single resolution, the election of Directors, the appointment of the Auditor, the fixing of the remuneration of the

Auditor and such other business as by these Bylaws or the *Society Act* may be transacted at a general meeting without prior notice thereof being given to the members of any business which is brought under consideration by the report of the Directors.

- 5.2 No business, other than election of the Chair or the adjournment of the meeting, shall be transacted at any general meeting unless a quorum of members, entitled to attend and vote, is present at the commencement of the meeting, but the quorum need not be present throughout the meeting.
- 5.3 Save as herein otherwise provided, a quorum shall be one third of the total membership) present or by proxy and entitled to vote at a general or extraordinary meeting. The Directors, the secretary, or in his or her absence, an assistant secretary, and the solicitor of the RRA shall be entitled to attend at any general meeting but no such person shall be counted in the quorum or be entitled to vote at any general meeting unless he or she shall be a member or proxy holder entitled to vote thereat.
- 5.4 If within half an hour from the time appointed for a general meeting a quorum is not present, the meeting, if convened upon the requisition of the members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the person or persons present and being, or representing by proxy, a member or members entitled to attend and vote at the meeting shall be a quorum.
- 5.5 Subject to Bylaw 5.6, the Chair of the RRA, or in his or her absence one of the other Directors present shall preside as chair of a general meeting.
- 5.6 If, at a general meeting:
- (a) there is no Chair or other Director present within 15 minutes after the time appointed for holding the meeting; or
 - (b) the President, Vice-President or Managing Director is unwilling to act as chair;
 - (c) the members present shall choose one of their number to be chair.
- 5.7 The chair may and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, 14 days' notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice to an adjourned meeting or of the business to be transacted at an adjourned meeting.

- 5.8 No motion proposed at a general meeting need be seconded and the chair may propose or second a motion.
- 5.9 Subject to the provisions of the *Society Act* and these Bylaws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or on the declaration of the result of the show of hands) a poll is directed by the chair or demanded by at least one member entitled to vote who is present in person or by proxy. The chair shall declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, and such decision shall be entered in the minute book of the RRA. A declaration by the chair that a resolution has been carried, or carried unanimously, or by a particular majority, or lost or not carried by a particular majority and an entry to that effect in the minute book of the RRA shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.
- 5.10 In case of an equality of votes, whether on a show of hands or on a poll, the chair of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a second or casting vote.
- 5.11 No poll shall be demanded on the election of the chair. A poll demanded on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken as soon as, in the opinion of the chair, is reasonably convenient, but in any event within 14 days and at such time and place and in such manner as the chair of the meeting directs. The result of the poll shall be deemed to be the resolution of and passed at the meeting at which the poll was demanded. Any business other than that upon which the poll has been demanded may be proceeded with. A demand for a poll may be withdrawn. In any dispute as to the admission or rejection of a vote the decision of the chair made in good faith shall be final and conclusive.
- 5.12 Every ballot cast upon a poll and every proxy appointing a proxy holder who casts a ballot upon a poll shall be retained by the Secretary for one year and be subject to such inspection for such period.
- 5.13 Unless the *Society Act* or these Bylaws otherwise provide, any action to be taken by a resolution of the members may be taken by an Ordinary Resolution.

Part 6 - Votes of Members

6.1

- (a) Subject to the provisions set forth in these Bylaws and the *Society Act*, on a show of hands every member present in person, by proxy or by authorized representative who is entitled to vote at a general or extraordinary general meeting of the members shall have one vote and on a poll every member entitled to vote on that poll shall have one vote.

- (b) Notwithstanding anything in these Bylaws to the contrary, no member of the RRA who is not in good standing shall be entitled to vote at a general or extraordinary meeting.
 - (c) For the purpose of Bylaw 6.1(a), in the case of members who are joint Owners (or tenants-in-common) of Resort Land, such members shall collectively have only one vote arising out of their respective interests in such Resort Land.
- 6.2 Any corporation, which is a member of the RRA, may by resolution of its directors or other governing body authorize such person, as it thinks fit, to act as its representative at any general meeting. The person so authorized shall be entitled to exercise in respect of and at such meeting the same powers on behalf of the corporation which he or she represents as that corporation could exercise if it were an individual member of the RRA personally present, including, without limitation, the right, unless restricted by such resolution, to appoint a proxy holder to represent such corporation, and shall be counted for the purpose of forming a quorum if present at the meeting. Evidence of the appointment of any such representative may be sent to the RRA by written instrument, telegram, facsimile, or any method of transmitting legibly recorded messages. Notwithstanding the foregoing, a corporation being a member may appoint a proxy holder.
- 6.3 A member of unsound mind entitled to attend and vote, in respect of whom an order has been made by any court having jurisdiction, may vote, whether on a show of hands or on a poll, or by his or her committee, curator bonus, or other person in the nature of a committee or curator bonus appointed by that court, or any such committee, curator bonus, or other person may appoint a proxy holder.
- 6.4 A member is entitled to appoint a proxy to attend, act and vote for him or her at any meeting which the member is entitled to attend and vote as a member. Such a member shall specify the matters in respect of which a proxyholder shall be entitled to vote. Such proxy shall be valid for no more than one year.
- 6.5 A form of proxy shall be in writing under the hand of the appointer or of his or her attorney duly authorized in writing or, if the appointer is a corporation, either under the seal of the corporation or under the hand of a duly authorized officer, director or attorney. A proxy holder need not be a member of the RRA.
- 6.6 A form of proxy shall be deposited at the head office of the RRA or at such other place specified for that purpose in the notice convening the meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in British Columbia) or such lesser period as the Directors may from time to time determine before the time for holding the meeting in respect of which the person named in the instrument is appointed. If the appointer of the proxyholder appoints by way of an attorney, then the power of attorney under which the appointment has been made shall be deposited together with the proxy form. If the Directors determine proxies may be deposited less than 48 hours (excluding Saturdays, Sundays and holidays)

prior to a meeting (or an adjournment thereof), then the proxies (together with the power of attorney, if any) may be sent by facsimile and may be acted upon as though the proxies themselves were deposited as required by this Part and votes given in accordance herewith shall be valid and shall be counted.

- 6.7 Unless the *Society Act* or any other statute or law which is applicable to the RRA requires any other form of proxy, a proxy, whether for a specified meeting or otherwise, shall be in the form of the following, but may also be in any other form that the Directors or the chair of the meeting shall approve:

PROXY
Red Resort Association

The undersigned, being a member of the Red Resort Association hereby appoints _____ of failing him/her _____ as proxy holder of the undersigned to attend, act and vote for and on behalf of the undersigned at the general meeting of the RRA to be held on the ___ day of _____, and at any adjournment thereof.

Signed the ___ day of _____, _____.

Signature of Member

- 6.8 A vote given in accordance with the terms of a proxy is valid notwithstanding the previous death or incapacity of the member giving the proxy or the revocation of the proxy or of the authority under which the form of proxy was executed provided that no notification in writing of such death, incapacity, revocation or transfer shall have been received at the head office of the RRA or by the chair of the meeting or adjourned meeting for which the proxy was given before the vote is taken.
- 6.9 Every proxy may be revoked by an instrument in writing:
- (a) executed by the member giving the same or by his or her attorney authorized in writing or, where the member is a corporation, by a duly authorized director, officer or attorney of the corporation;
 - (b) delivered either to the head office of the RRA at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof at which the proxy is to be used, or to the chair of the meeting on the day of the meeting or an adjournment thereof before any vote in respect of which the proxy is to be used shall have been taken; or
 - (c) in any other manner provided by law.

Part 7 - Directors

7.1 Directors shall not be entitled to receive director's fees or any other remuneration either for holding the office and discharging the duties of Director or any other services rendered in their capacity as Director. Directors shall be entitled to recover reasonable traveling, hotel and other expenses incurred in and about the business of the RRA provided however that:

- (a) All expenses for which any Director seeks remuneration must be approved in advance by the Board of Directors; and
- (b) Expenses for which any Director receives remuneration shall be limited to actual out of pocket expenses documented by adequate receipts or other supporting documentation;

Provided further however, that the Directors may in their sole discretion resolve to remunerate a Director for expenses which have not been approved in accordance with Bylaw 7.1(a) above or which are not documented in accordance with Bylaw 7.1(b) above.

7.2 A Director shall not be required to be a member of the RRA as a qualification for his or her office but shall be qualified as required by or pursuant to the *Society Act*, to become or act as a Director.

7.3 The RRA shall have the following Directors who shall be elected or appointed in accordance with this Part 7:

- (a) the Red Resort Operator shall be entitled to appoint one director, and
- (b) The members of the RRA, as provided in Bylaw 7.5, shall elect two directors (the "**Elected Directors**").

7.4 **[Intentionally deleted.]**

7.5 At the first annual general meeting ("**First Annual General Meeting**") the members shall elect the Directors for a two-year term commencing on the date of the First Annual General Meeting, except for the Red Resort Operator Director, who shall be appointed by the Red Resort Operator.

7.6 A Director appointed by the Red Resort Operator shall remain a Director of the RRA until such time as the Red Resort Operator revokes such an appointment or he or she is otherwise disqualified.

7.7

- (a) A retiring Director shall be eligible for re-election.

- (b) Where the RRA fails to hold an annual general meeting in accordance with the *Society Act* and these bylaws, the Directors then in office shall be deemed to have been elected or appointed as Directors on the last day on which the annual general meeting could have been held pursuant to these Bylaws and they may hold office until other Directors are appointed or elected or until the day on which the next annual general meeting is held, notwithstanding Bylaw 7.5.
 - (c) If at any general meeting at which there should be an election of Directors, the places of any of the retiring Directors are not filled by such election, the retiring Directors who are not re-elected as may be requested by the newly-elected Directors shall, if willing to do so, continue in office to complete the number of Directors until further new Directors are elected at a general meeting convened for that purpose. If any such election or continuance of Directors results in the election or continuance of less than the number Directors required to be elected such number shall be fixed at the number of Directors actually elected or continued in office. If in any election, at any such meeting, there are more nominees than there are vacancies on the Board, each receive an excess of affirmative over negative votes, there shall be elected as Directors those nominees having the largest number of affirmative votes sufficient to fill such vacancies.
 - (d) The Directors may at any time and from time to time appoint a member as a Director to fill a vacancy in the Directors. A Director so appointed holds office only until the conclusion of the next annual general meeting of the RRA, but is eligible for re-election at that meeting.
 - (e) The provisions of this Bylaw 7.7 apply only to the Elected Directors.
- 7.8 Any Director who is not an Elected Director may by instrument in writing delivered to the RRA appoint any person to be his or her alternate to act in his or her place at meetings of the Directors at which he or she is not present and, if such person is not a Director, the Directors shall reasonably approve his or her appointment as an alternate Director and must give notice to that effect to the Director making such appointment within a reasonable time after delivery of such instrument to the RRA. Every such alternate Director shall be entitled to notice of every meeting at which the person appointing him or her is not personally present and, if he or she is a Director, to have a separate vote on behalf of the Director he or she is representing in addition to his or her own vote. A Director who is not an Elected Director may at anytime by instrument, telegram, facsimile or any method of transmitting legibly recorded messages delivered to the RRA revoke the appointment of an alternate Director appointed by him or her. An alternate Director as such shall not be entitled to any remuneration from the RRA.
- 7.9 The office of Director shall be vacated if the Director:

- (a) resigns his or her office by notice in writing delivered to the head office of the RRA; or
- (b) is convicted of an offence in connection with the promotion, formation, or management of a corporation or of an offence involving fraud; or
- (c) ceases to be qualified to act as a Director pursuant to the *Society Act*.

Part 8 - Powers and Duties of Directors

- 8.1 The Directors shall manage, or supervise the management of, the affairs and business of the RRA and shall have the authority to exercise all such powers of the RRA as are not, by the *Society Act* or by these Bylaws, required to be exercised by the RRA in general meeting, subject, nevertheless, to these Bylaws and all laws affecting the RRA and to any regulations, not inconsistent with these Bylaws, made from time to time by Ordinary Resolution, but no such regulation shall invalidate any prior valid act of the Directors.
- 8.2 The Directors may from time to time by power of attorney or other instrument under the seal, appoint any person to be the attorney of the RRA for such purposes, and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Bylaws and of any of its committees and the appointment or removal of officers) and for such period, with such remuneration and subject to such conditions as the Directors may think fit, and any such appointment may be made in favour of any of the Directors, officers or members of the RRA or in favour of any corporation, firm or joint venture and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the Directors think fit. Any such attorney may be authorized by the Directors to sub-delegate all or any of the powers, authorities and discretion for the time being vested in him or her.

Part 9 - Disclosure of Interest of Directors

- 9.1 A Director who is, in any way directly or indirectly interested in an existing or proposed contract or transaction with the RRA or who holds any office or possesses any property whereby, directly or indirectly, a duty or interest might be created to conflict with his or her duty or interest as Director shall disclose the nature and extent of his or her interest in such contract or transaction or of the conflict or potential conflict with his or her duty and interest as a Director, as the case may be, in accordance with the provisions of the *Society Act*. A Director shall be entitled to vote at any meeting of the Directors in respect to any contract or arrangement in which he or she is interested as aforesaid, and shall be counted for the purpose of computing the quorum necessary for the transaction of the business at any such meeting notwithstanding his or her interest, provided such Director has disclosed his or her interest as set out above.
- 9.2 Subject to the provisions of the *Society Act*, no Director shall be disqualified by his or her office from holding any office or place of profit under the RRA or under any

company in which the RRA shall be a shareholder or otherwise interested, or from contracting with the RRA either as vendor, lessor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the RRA in which any Director shall be in any way interested, either directly or as a shareholder or director of any company, be avoided, nor shall any Director be liable to account to the RRA for any profit arising from any such office or place of profit or realized by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established. A Director of the RRA may be or become a director of any company promoted by the RRA or in which it may be interested in as a vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits received as a director or shareholder of such company.

- 9.3 A Director may hold any office or place of profit with the RRA (other than that of the office of auditor of the RRA) in conjunction with his or her office of Director for such period and on such terms (as to remuneration or otherwise) as the Directors may determine and no Director or intended Director shall be disqualified by his or her office from contracting with the RRA either with regard to his or her tenure of any such other office or place of profit or as vendor, purchaser or otherwise and, subject to compliance with the provisions of the *Society Act*, no contract or transaction entered into by or on behalf of the RRA in which a Director is in any way interested shall be liable to be voided by reason thereof.
- 9.4 Subject to compliance with the provisions of the *Society Act* a Director or any corporation or firm in which he or she has an interest may act in a professional capacity for the RRA (except as auditor of the RRA) and he or she or such corporation or firm shall be entitled to remuneration for professional services as if he or she were not a Director.
- 9.5 A Director may be or become a director or other officer or employee of, or otherwise interested in, any corporation or firm in which the RRA may be interested as shareholder or otherwise and, subject to compliance with the provisions of the *Society Act*, such Director shall not be accountable to the RRA for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in such other corporation or firm.
- 9.6 Notwithstanding the foregoing and in connection with the purpose of the RRA as stated in Bylaw 21, no conflict of interest exists in respect of any Director who is also a director or member of Tourism Rossland or who is an Owner.

Part 10 -Proceedings of Directors

- 10.1 The Chair of the Board, if any, or in his or her absence the President shall preside as chair at every meeting of the Directors, or if there is no Chair of the Board and the President is not present within 15 minutes of the time appointed for holding the meeting or is not willing to act as chair or, if the Chair of the Board, if any, and the

- President have advised the Secretary that they will not be present at the meeting, the Directors shall choose one of their number to be chair of the meeting.
- 10.2 The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. Meetings of the Board held at regular intervals may be held at such place, at such time and upon such notice (if any) as the Board may by resolution from time to time determine.
- 10.3 Directors may hold a meeting of the Board or of any committee of the Directors by means of conference telephones or other communications facilities by means of which all Directors participating in the meeting can communicate with each other and provided that all such Directors agree to such participation. Directors holding a meeting in accordance with this Bylaw shall be deemed to be present at the meeting and to have so agreed and shall be counted in the quorum therefore and be entitled to speak and vote thereat.
- 10.4 A Director or the Secretary may, upon request of a Director, call a meeting of the Board at any time. Reasonable notice of such meeting specifying the place, day and hour of such meeting shall be given by mail, postage paid, addressed to each of the Directors and alternate Directors at his or her address as it appears on the books of the RRA or by leaving notice at his or her usual business or residential address or by telephone, telegram, facsimile, or any method of transmitting legibly recorded messages. It shall not be necessary to give notice of a meeting of Directors to any Director or alternate Director if such meeting is to be held immediately following a general meeting at which such Director shall have been elected or is the meeting of Directors at which such Director is appointed.
- 10.5 Any Director of the RRA may file with the Secretary a document executed by him or her waiving notice of any past, present or future meeting or meetings of the Directors being, or required to have been, sent to him or her and may at any time withdraw such waiver with respect to meetings held thereafter. After filing such waiver with respect to future meetings and until such waiver is withdrawn no notice need to be given to such Director and, unless the Director otherwise requires in writing to the Secretary, to his or her alternate Director of any meeting of Directors and all meetings of the Directors so held shall be deemed not to be improperly called or constituted by reason of notice not having been given to such Director or alternate Director.
- 10.6 The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and if not fixed shall be three Directors.
- 10.7 The continuing Directors may act notwithstanding any vacancy in their body but, if and so long as their number is reduced below the number fixed pursuant to these Bylaws as the necessary quorum of Directors, the continuing Directors may act pursuant to Bylaw 7.7(d) for the purpose of increasing the number of Directors to that number (provided always that the Directors shall not be authorized to appoint a

Director who would otherwise be appointed by the Red Resort Operator), or of summoning a general meeting of the RRA, but for no other purpose.

- 10.8 Subject to the provisions of the *Society Act*, all acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall, notwithstanding that it be afterwards discovered that there was some defect in the qualification, election or appointment of any such Directors or of the members of such committee or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly elected or appointed and was qualified to be a Director.
- 10.9 A resolution consented to in writing, whether by document, telegram, facsimile or any method of transmitting legibly recorded messages or other means, by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and held. Such resolution may be in two or more counterparts, which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the Directors and shall be effective on the date stated thereon or on the latest date stated on any counterpart.
- 10.10 The Board of Directors may from time to time permit any person to attend meetings of the Board of Directors or of the Executive Committee of the Board of Directors, to receive notices of such meetings and all materials distributed to Directors for the purposes of such meetings and to receive copies of all minutes of such meetings and of all resolutions of the Board of Directors or the Executive Committee of the Board of Directors consented to in writing and to examine the financial statements and records of the RRA.

Part 11 -Executive and Other Committees

- 11.1 The Directors may by resolution appoint an Executive Committee to consist of such member or members of their body as they think fit, which committee shall have, and may exercise during the intervals between the meetings of the Board, all powers vested in the Board except the power to fill vacancies in the Board, the power to change the membership of, or fill vacancies in, said Committee or any other committee of the Board and such other powers, if any, as may be specified in the resolution. The said Committee shall keep regular minutes of its transactions and shall cause them to be recorded in books kept for that purpose and shall report the same to the Board at such time as the Board may from time to time require. The Board shall have the power at any time to terminate the appointment or change the membership of such Committee and to fill vacancies in it. The Executive Committee may make rules for the conduct of its business and may appoint such assistants as it may deem necessary. A majority of the members of said Committee shall constitute a quorum thereof.
- 11.2 The Directors may by resolution appoint one or more committees consisting of such member or members of their body as they think fit and may delegate to any

such committee between meetings of the Board such powers of the Board (except the power to fill vacancies in the Board and the power to change the membership of or fill vacancies in any committee of the Board and the power to appoint or remove officers appointed by the Board) subject to such conditions as may be prescribed in such resolution, and all committees so appointed shall keep regular minutes of their transactions and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may from time to time require. The Directors shall also have power at any time to terminate the appointment or change the membership of a committee and to fill vacancies in it. Committees may make rules for the conduct of their business and may appoint such assistants as they may deem necessary. A majority of the members of a committee shall constitute a quorum thereof.

- 11.3 The Executive Committee and any other committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members of the committee present, and in case of an equality of votes the chair shall not have a second or casting vote. A resolution approved in writing by all the members of the Executive Committee or any other committee shall be as valid and effective as if it had been passed at a meeting of such Committee duly called and constituted. Such resolution may be in two or more counterparts, which together shall be deemed to constitute one resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.

Part 12 -Officers

- 12.1 The Directors shall, from time to time, appoint a Secretary, a Treasurer and a Chair of the Board (the "**Chair**") and a President, each such party to be appointed from the Directors. The Directors shall also, from time to time, appoint such other officers, if any, as the Directors shall determine. The Directors may, at any time, terminate any such appointment.
- 12.2 One person may hold more than one of such offices except the offices of the President and Secretary must be held by different persons. The Secretary, Treasurer, Chair and President must be Directors. The other officers need not be Directors. The remuneration of the officers of the RRA as such and the terms and conditions of their tenure of office or employment shall from time to time be determined by the Directors; such remuneration may be by way of salary, fees, wages, commissions or participation in profits or any other means or all of these modes and an officer may in addition to such remuneration be entitled to receive after he or she ceases to hold such office or leaves the employment of the RRA a pension or gratuity.
- 12.3 The Chair shall preside at all the meetings of the RRA and of the Directors and shall supervise the other officers of the RRA.

- 12.4 The President is the chief executive officer of the RRA and will report to the Board from time to time.
- 12.5 The Secretary shall:
- (a) conduct the correspondence of the RRA;
 - (b) issue notices of meetings of the RRA and Directors;
 - (c) keep minutes of all meetings of the RRA and Directors;
 - (d) have custody of all records and documents of the RRA; and
 - (e) maintain the register of members.
- 12.6 The Treasurer shall:
- (a) Keep the financial records, including books of account, necessary to comply with the *Society Act*; and
 - (b) Render financial statements to the Directors, members and others when required.
- 12.7 The offices of Secretary and Treasurer may be held by one person who shall be known as the Secretary Treasurer.
- 12.8 In the absence of the Secretary from a meeting, the Directors shall appoint another person to act as Secretary at the meeting.
- 12.9 In addition to the foregoing duties, the duties of any person or persons appointed as the Chair of the Board, Secretary, Treasurer, President, Vice-President or Managing Director or other officer shall be as stipulated by the Directors.
- 12.10 Every officer of the RRA who holds any office or possesses any property whereby, whether directly or indirectly, duties or interest might be created in conflict with his or her duties or interests as an officer of the RRA shall, in writing, disclose to the President the fact and the nature, character extent of the conflict.

Part 13 -Indemnity and Protection of Directors, Officers and Employees

- 13.1 The Directors shall cause the RRA to indemnify a Director or former Director of the RRA or its subsidiaries and the heirs and personal representatives of any such person against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by him, her or them in a civil, criminal or administrative action or proceeding to which he or she is or they are made a party by reason of his or her being or having been a Director of the RRA or any of its subsidiaries, including any action brought by the RRA. Each

Director of the RRA on being elected or appointed shall be deemed to have contracted with the RRA on the terms of the foregoing indemnity.

- 13.2 The Directors may cause the RRA to indemnify any officer, employee or agent of the RRA (notwithstanding that he or she is also a Director) and his or her heirs and personal representatives, against all costs, charges and expenses whatsoever incurred by him, her or them and resulting from his or her acting as an officer, employee or agent of the RRA. In addition the RRA shall indemnify the Secretary of the RRA (if he or she shall not be a full time employee of the RRA and notwithstanding that he or she is also a Director) and his or her respective heirs and legal representatives against all costs, charges and expenses whatsoever incurred by him, her or them and arising out of the functions assigned to the Secretary by the *Society Act* or these Bylaws and each such Secretary and Assistant Secretary shall on being appointed be deemed to have contracted with the RRA on the terms of the foregoing indemnity.
- 13.3 The failure of a Director or officer of the RRA to comply with the provisions of the *Society Act*, the *Resort Association Act* or these Bylaws shall not invalidate any indemnity to which he or she is entitled under this part.
- 13.4 The Directors may cause the RRA to purchase and maintain insurance for the benefit of any person who is or was serving as Director, officer, employee or agent of the RRA or as director, officer, employee or agent of any corporation of which the RRA is or was a shareholder and his or her heirs or personal representatives against any liability incurred by him or her as such Director, officer, employee or agent.

Part 14 - Documents, Records and Reports

- 14.1 The RRA shall keep at its head office the documents, copies, registers, minutes, and records, which the RRA is required to keep.
- 14.2 The RRA shall cause to be kept proper books of account and accounting record in respect of all financial and other transactions of the RRA in order to properly record the financial affairs and conditions of the RRA and to comply with the *Society Act*.
- 14.3 Upon a request to, and with the approval of the Board, a member of the RRA shall be entitled to inspect the accounting records of the RRA.
- 14.4 The Directors shall from time to time at the expense of the RRA cause to be prepared and laid before the RRA in a general meeting such financial statements and reports as are required by the *Society Act* and all other applicable laws.
- 14.5 Every member shall be entitled to be furnished once gratis on demand with a copy of the latest annual financial statement of the RRA and, if so required by the *Society Act*, a copy of each such annual financial statement shall be mailed to each member.

Part 15 -Notices

- 15.1 A notice, statement or report may be given or delivered by the RRA to any member either by delivery to him or her personally or by sending it by mail to him or her to his or her address as recorded in the register of members, or by such other means as any member may stipulate from time to time in writing to the President (which means may include facsimile transmission or email). Where a notice, statement or report is sent by mail, service or delivery of the notice, the statement or report shall be deemed to be effected by properly addressing, prepaying and mailing the notice, statement or report and to have been given on the day, Saturdays, Sundays and statutory holidays excepted, following the date of mailing. Where a notice, statement or report is sent by facsimile or email, service or delivery of the notice, the statement or report shall be deemed to be effected by the manner stipulated by the member in the aforesaid notice to the President and to have been given on the day, Saturdays, Sundays and statutory holidays excepted, following the date of transmission. A certificate signed by the Secretary or other officer of the RRA or of any other corporation, acting in that behalf for the RRA, that the letter, envelope or wrapper containing the notice, statement or report was so addressed, prepaid and mailed or transmitted shall be conclusive evidence thereof.
- 15.2 A notice, statement or report may be given or delivered by the RRA to the persons entitled to a membership in consequence of the death, bankruptcy or incapacity of a member by sending it through the mail prepaid addressed to them by name or by the title of representatives of the deceased or incapacitated and persons or trustee of the bankrupt, or by any like description, to the address (if any) supplied to the RRA for the purpose by the persons claiming to be so entitled, or (until such address has been so supplied) by giving the notice in a manner in which the same might have been given if the death, bankruptcy or incapacity had not occurred.
- 15.3 Notice of every general meeting shall be given in a manner hereinbefore authorized to every person being a member at the time of the issue of the notice or the date fixed for determining the members entitled to such notice, whichever is the earlier. No other person except the auditor of the RRA and the Directors of the RRA shall be entitled to receive notices of any such meeting.

Part 16 -Record Dates

- 16.1 The Directors may fix in advance a date, which shall not be more than 49 days preceding the date of any meeting of members or of the proposed taking of any other proper action requiring the determination of members as the record date for the determination of the members entitled to notice of, or to attend and vote at, any such meeting and any adjournment thereof, or for any other proper purpose. Only members of record on the date so fixed shall be deemed to be members for the purposes aforesaid.

16.2 Where no record date is so fixed for the determination of members as provided in the preceding Bylaw the date on which the notice is mailed shall be the record date for such determination.

Part 17 -Seal

17.1 The Directors may provide a seal for the RRA and, if they do so, shall provide for the safe custody of the seal which shall not be affixed to any instrument except in the presence of the following persons, namely:

- (a) any two Directors, or
- (b) any such person or persons as the Director may from time to time by resolution appoint, and the said Directors, officers, person or persons in whose presence the seal is so affixed to an instrument shall sign such instrument. For the purpose of certifying under seal true copies of any document or resolution the seal may be affixed in the presence of any one of the foregoing persons.

Part 18 -Amendment of Bylaws

18.1 These Bylaws may only be added to, amended or repealed by a Special Resolution and in accordance with the *Society Act* or the *Resort Association Act*.

Part 19 -Assessments Payable by the Red Resort Operator

19.1 An annual assessment of \$10,000 will be payable by the Red Resort Operator, or such other amount as may be determined by the Directors.

Part 20 -Assessments Payable by Members

- (a) All members (other than the Red Resort Operator – see Bylaw 19 - and other than Commercial Owners – see Bylaw 20) shall be levied an assessment of \$250 per year, except for members owning Resort Land ~~which is subject to a Rental Management Agreement such that the Resort Land is in a rental pool for~~ whose Resort Land, or any portion thereof, is made available for short term rentals, being any overnight stays with a duration of less than 30 consecutive days, in which event such members shall be levied an assessment of \$500 per year.
- (b) All members who are Commercial Owners shall be levied an assessment based on the square footage of the buildings and improvements on such Commercial Owners' Resort Lot as follows:

<u>Square footage</u>	<u>Annual Assessment</u>
0 – 399	\$500
400 - 499	\$600
500 - 599	\$700

600 - 699	\$800
700 - 799	\$900
800 - 899	\$1,000
900 - 999	\$1,100
1,000 – 1,099	\$1,200
1,100 – 1,199	\$1,300
1,200 – 1,299	\$1,400
1,300 – 1,399	\$1,500
1,400 – 1,499	\$1,600
1,500 – 1,599	\$1,700
1,600 – 1,699	\$1,800
1,700 – 1,799	\$1,900
1,800 or more	\$2,000

- (c) All assessments to be levied pursuant to Bylaw 20.1(a) and (b) shall be levied annually and shall be payable within thirty (30) days after being levied. Late payments will be assessed interest at the rate determined by the Board.
- (d) The amount of the assessments payable by the members may be changed by a resolution of the Directors and with the agreement of the Red Resort Operator.
- (e) For greater certainty, for members who are joint Owners of any Resort Lot, the above fees are payable in respect of each Resort Lot, not each such Owner.

Part 21 -Purpose of Resort Association

- 21.1 In carrying out its operations, the RRA will enter into a contract with the Rossland destination marketing organization known as Tourism Rossland Society ("**Tourism Rossland**") and whereby the RRA will remit the total of assessments collected less a 10% administration fee to Tourism Rossland, or such other amount as may be determined by the directors from time to time, and whereby Tourism Rossland will undertake on behalf of the RRA destination marketing services, all as described in the form of agreement attached as Schedule "B" hereto.

Part 22 -Winding Up

- 22.1 Subject to requirements specified in the *Society Act*, the members may wind up the RRA by special resolution.

Part 23 -Distribution of Assets on Winding Up

- 23.1 Upon winding up the RRA, after all debts and obligations of the RRA are paid, the remaining assets of the RRA shall, in the absence of a special resolution of the members to the contrary, be paid to the members, pro-rata, based on the amount of their respective annual assessments for the then current year.

SCHEDULE "A"

[See attached map of Resort Land]

SCHEDULE "B"

[See attached form of agreement with Tourism Rossland]