

MEMORANDUM

To The Members, Lake of Bays Association

From The Board of Directors

Date April 20, 2017

Subject **Member Approval to (1) Confirm Amended and Restated By-Law No.1, and (2) Fix the Size of the Board, at the Annual and Special Meeting of Members**

At a special meeting of the LOBA Board of Directors held on December 13th, 2016, the directors approved an Amended and Restated By-Law No. 1 for LOBA, and reduced the size of the Board from 34 to 18. At this year's Annual Meeting of Members, the members will be asked to approve 2 resolutions to confirm these changes. This memo sets out the background to and rationale for these changes.

Amended and Restated By-Law No. 1

LOBA's old By-law No. 1 was put in place when the current LOBA was established in 1978. It has been considered out of date for many years. In fact, an update was previously budgeted for by the Board, but then deferred until the new Ontario Not-For-Profit Corporations Act (NPCA) became law. The NPCA received Royal Assent back in 2010, but its coming into force has been delayed ever since, with no new in force date in sight. As a result, the Board determined that it was an appropriate time to update the By-Law. One of our Board members is a corporate and governance lawyer and volunteered to update the bylaws pro bono. He also advised that little, if any, further work will be needed to make this new By-Law compliant with the NPCA once/if it is proclaimed in force.

The new By-Law reflects a number of good governance practices that are now followed by most not-for-profit organizations, and that have developed since the original By-Law was put in place almost 40 years ago. The following are a few of those new or updated provisions:

1. s.4.2 - the old by-law provided that the corporation must have a Board of 34 directors; the number of directors is normally not set out in the by-law, as there is no ability to amend that number without amending the by-law; the new By-Law provides that the Board size is set by the directors and confirmed by the members.
2. s.4.5 - the old by-law established a 'rotating board' and provided for the directors to be elected for 2 year terms and for ½ of the board positions to be up for election/re-election each year; this has proven to be not practical, and the new By-Law moves the directors' to 3 year terms, with 1/3 of the board positions up for election/re-election each year; this is more common for similar not-for-profit corporations; this helps with continuity while still allowing for new directors on a regular basis; typically, a few directors may resign before the end of their term, and the election process at the AGM is then customized accordingly.
3. s.5.2 - the quorum for board meetings is unchanged at a majority of the directors; however, with a reduced board size (down from 34 to 18), it is more likely that a duly constituted board meeting will be able to be held.

4. s.5.4 - the new By-Law specifically permits meetings of the directors to be held by telephone; the old By-Law did not provide for this and often resulted in directors not being able to attend Board meetings, with the further result of the Board meeting not having a quorum to conduct business.
5. s.9.4 - the new By-Law permits the members to elect, from time to time, 'honorary members' with certain benefits (i.e. no dues), as a way of honouring some key contributors to the goals and objectives of LOBA – much like the Betty Day Award (and which Honorary Memberships could, for example, be provided each year to the recipient of the Betty Day Award).

Fixing the Board Size at 18

The Letters Patent of LOBA identify 30 'first directors', and the old by-law provided that LOBA was to be managed by a board of 34 directors. For many years, there have been fewer and fewer volunteers who have been able to be identified to join the Board, and this has resulted in the number of directors that have been elected being far short of the required 34. This, in turn, has made it difficult to establish a quorum for meetings of the directors, to govern and discuss the affairs of LPBA.

After much consideration and debate, your current Board is confident that a Board size which is fixed at 18: (a) is more aligned with good governance practice for a not-for-profit entity such as LOBA, (b) will allow the Board the ability to act more effectively, and (c) will enable the members to ensure that the best candidates are brought forward to join the Board and act as directors.

Members Resolutions

At a special meeting of the Board of Directors held on December 13th, 2016, the directors approved the new Amended and Restated By-Law No. 1, and reduced the size of the Board from 34 to 18.

The new by-law became effective as soon as it was approved by the directors, and it remains effective until the upcoming meeting of members, at which it must be confirmed by the members to remain effective. If it is confirmed by the members at the members' meeting, it continues to be effective.

The resolution fixing the number of directors is not effective until it is confirmed at the upcoming members' meeting. This is because, under LOBA's governing legislation, a change in the number of directors is required to be effected by a "special resolution", which is a two-step process – approval by the board and confirmation by the members.

At the annual and special meeting of the members to be held on Saturday July 8th, 2017, there will be 2 resolutions presented for confirmation by the members:

- (a) confirmation of the board resolution approving the new Amended and Restated By-Law No.1; and
- (b) confirmation of the board resolution fixing the number of directors at 18.

Copies of these 2 resolutions are attached to this memo.

LAKE OF BAYS ASSOCIATION
(the "Association")

RESOLUTION OF THE MEMBERS

AMENDED AND RESTATED BY-LAW NO.1

WHEREAS By-Law No. 1 of the Association was enacted on or about September 21, 1978 ("Original By-Law No.1");

AND WHEREAS at a meeting of the directors of the Corporation held December 13, 2016, the directors passed Amended and Restated By-Law No. 1, to replace Original By-Law No. 1 in its entirety;

AND WHEREAS the Members have determined to confirm Amended and Restated By-law No.1 in the form and as passed by the directors;

NOW THEREFORE BE IT RESOLVED THAT:

1. Amended and Restated By-Law No. 1, a by-law regulating the business and affairs of the Association, attached hereto, is hereby confirmed as a by-law of the Association.

LAKE OF BAYS ASSOCIATION
(the "Association")

RESOLUTION OF THE MEMBERS

NUMBER OF DIRECTORS

WHEREAS the Association was incorporated on September 21, 1978 pursuant to Letters Patent issued under the *Corporations Act*, RSO 1990, c C-38 (the "Act");

AND WHEREAS the Act provides that the number of directors of the Association may be increased and decreased by special resolution;

AND WHEREAS at a meeting of the directors of the Corporation held December 13, 2016, the directors passed a resolution to change the number of directors of the Association to 18, subject to confirmation from the members;

AND WHEREAS the members have determined to confirm the resolution of the directors to fix the number of directors of the Association at 18;

NOW THEREFORE BE IT RESOLVED THAT:

1. the number of directors of the Association is hereby confirmed to be fixed at 18.
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