

BY-LAWS

Of

Sun Peaks Mountain Resort Association

Part 1

INTERPRETATION

1. INTERPRETATION

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

“Annual Fees” has the meaning set out in By-law 20.1 d) i.;

“Board” and “the Directors” means the Directors of the Mountain Resort Association from time to time;

“Business Cost Centre” has the meaning set out in By-law 20.1 b);

“Business Cost Centre Resort Lots” has the meaning set out in By-law 20.1 d) ii.;

“Commercial/Tenant/Independent Operator Director” has the meaning set out in 7.4 a) i.;

“Commercial Resort Lot” means that part of a Resort Lot which is not a Hotel Lodging Resort Lot or Non-Hotel Lodging Resort Lot and upon which an improvement has been constructed that is being used primarily for commercial purposes;

“Common Cost Centre” has the meaning set out in By-law 20.1 b);

“Controlled Recreation Area” means the area shown outlined in bold black on Schedule “A” attached hereto, (or, if not attached as available on request from the SPMRA office);

“Cost Centre” has the meaning set out in By-law 20.1 a);

“Elected Directors” has the meaning set out in Part 7;

“Facilities” has the meaning set out in By-law 21.1 f) i.;

“First Annual General Meeting” has the meaning set out in By-law 7.5 a);

“Functions” means the rights, powers and obligations of the Mountain Resort Association set forth in the *Society Act* and Part 21 of these By-laws;

“Function Costs” has the meaning set out in By-law 20.1 a);

“Gross Lift Revenue” means an amount equal to all the receipts of the Sun Peaks Operator from its ski operations in the Controlled Recreation Area, less: any uncollectable receivables written off by the Sun Peaks Operator in accordance with generally accepted accounting principles; any receipts or receivables from ski lessons, ski repairs, rentals, food and beverage sales, retail sales, day care fees, hot tub fees, other commercial revenues, hotel and other accommodation revenues, any recreational activity other than skiing; and any sales tax, and goods and services tax or other tax paid to the Sun Peaks Operator by any person for the right to use any ski related facility;

“Hotel” means Hotel Lodging;

“Hotel Lodging” means a facility comprising of one or more buildings which:

- a) provides accommodation to the Public; and
- b) has the services on its premises of a front desk that is manned continuously at least 6 hours a day for more than 120 days in any consecutive 365-day period;

“Hotel Lodging Director” has the meaning set out in By-law 7.4 a) ii.;

“Hotel Lodging Resort Lot” means that part of a Resort Lot upon which a Hotel has been constructed or a residential accommodation is being operated as a Hotel;

“Lift Revenue Fee” has the meaning set out in By-law 19.1;

“Non-Hotel Lodging” means that part of a facility that is not a Hotel Lodging that makes rental accommodation available to the Public for 28 days or more in a calendar year (except accommodation that was rented for more than one month in a calendar year on an annual basis to the same person) and, without restricting the generality of the foregoing, includes any facility which contains strata title condominiums which can be rented through a rental management service (or has a covenant to rent registered on title) and includes pensions and bed and breakfast type lodgings;

“Non-Hotel Lodging Director” has the meaning set out in By-law 7.4 a) iii.;

“Non-Hotel Lodging Resort Lot” means a Resort Lot that is a residential accommodation unit which has been available as rental accommodations to the Public 28 days or more in a calendar year (except accommodation that was rented for more than 1 month in any calendar year on an annual basis to the same person), or upon which Non-Hotel Lodging has commenced operations or has been constructed.

“Ordinary Resolution” means:

- a) a resolution passed by the members of the Mountain Resort Association 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 Mountain Resort Association who would have been entitled to vote thereon in person or by proxy at a general meeting of the Mountain Resort Association whose membership carries not less than $\frac{3}{4}$ of the votes

entitled to cast thereon; and a resolution so consented to shall be deemed to be an Ordinary Resolution passed at a general meeting of the Mountain Resort Association;

“Original Members” has the meaning set out in By-law 2.1 b);

“Owner” means:

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

“Public”, in respect to a Resort Lot, means any person other than the Registered Owner of that Resort Lot;

“Registered Owner”, in respect to a Resort Lot, means collectively the person registered in the Land Title Office as owner in fee simple of the Resort Lot, and the spouse and children of such person; and where there is more than one Registered Owner of a Resort Lot, the spouses and children of all such Registered Owners; and where the Registered Owner of a Resort Lot is one or more corporations, all Directors, officers, shareholders, and employees and the spouses and children of each of them together with such corporation or corporations shall be the Registered Owner of the Resort Lot;

“Residential Director” has the meaning set out in By-law 7.4 a) iv.;

“Residential Resort Lot” means that part of a Resort Lot which is not a Hotel Lodging Resort Lot, or a Non-Hotel Lodging Resort Lot, or a Commercial Resort Lot, and is a residential accommodation unit;

“Resort Land” means the land located in the Thompson-Nicola Regional District, Province of British Columbia and which is described and shown outlined in bold black on the map attached as Schedule “B”, (or, if not attached, as available on request from SPMRA office) except the areas marked with cross hatches, and the land deemed to be resort land under By-law 2.2, 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 *Condominium Act* or *Strata Property Act*, block or other area of land included in the definition of “Resort Land” in these By-laws;

“Single Owner Hotel Lodging” means a facility in one (1) location which has more than one hundred and seventy five (175) rooms all owned by the same person or persons;

“Single Owner Hotel Lodging Director” has the meaning set out in By-law 7.4 a) v.;

“Single Owner Hotel Lodging Resort Lot” means a Resort Lot on which a Single Owner Hotel Lodging has been constructed or commenced operations;

“Seal” means the common seal of the SPMRA:

“Ski Operator Business Cost Portion” has the meaning set out in By-law 19.3;

“Ski Operator Common Cost Portion” has the meaning set out in By-law 19.3;

“*Society Act*” means, the British Columbia *Society Act*, as amended from time to time;

“Special Resolution” means:

- a) a resolution passed by majority of not less than $\frac{3}{4}$ of the votes cast by such members of the SPMRA as, being entitled so to do, vote in person or by proxy at a general meeting of the SPMRA;
 - 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, at a meeting of which less than 21 days’ notice has been given; or
- b) a resolution consented to in writing by every member of the SPMRA who would have been entitled to vote thereon in person or by proxy at a general meeting of the SPMRA and a resolution so consented to shall be deemed to be a Special Resolution passed at a general meeting of the SPMRA;

“SPMRA” means the Sun Peaks Mountain Resort Association;

“Sun Peaks Operator” means the principal operator from time to time of the skiing facilities in the Resort Lands at Sun Peaks Resort at Tod Mountain, British Columbia;

“Tenant/Independent Operator Fees” has the meaning set out in By-law 20.1 d) iii.;

“Tenants” has the meaning set out in By-law 7.4 a) i.;

“Unit Value” has the meaning set out in By-law 20.1 h);

“Village” means the area in the Resort Lands marked with cross hatches on Schedule “D” attached hereto, (or, if not attached, as available on request from the SPMRA office) as amended by the Directors from time to time by resolution.

- 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 the 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* shall, if not inconsistent with the subject context, bear the same meaning in these By-laws.

- 1.5 The Rules of Construction contained in the *Interpretation Act* on the date these By-laws take effect shall apply, mutatis mutandis to the interpretation of these By-laws.

PART 2

MEMBERSHIP

2. MEMBERSHIP

- 2.1 The following persons shall become members of the SPMRA:

- a) the Sun Peaks Operator;
- b) the persons (the “Original Members”) who applied for incorporation of the SPMRA by signing the original of these By-laws sent to the Registrar for incorporation of the SPMRA;
- c) each Owner of Resort Land; and
- d) a person who:
 - i. owns or carries on business in the Controlled Recreation Area;
 - ii. is an occupier of Resort Land; or
 - iii. is an agent of an Owner of Resort Land;

and who files with the SPMRA an application in such form as the Directors may from time to time prescribe together with evidence satisfactory to the Secretary of the SPMRA or the Directors that he is the owner of a business on, or carries on business on, the Resort Land or is an occupier of Resort Land or is an agent of the Owner of Resort Land.

- 2.2 An Owner of land that is not Resort Land but that is in the vicinity of the Resort Land may apply to become a member of the SPMRA by filing an application with the SPMRA in such form as the Directors may from time to time prescribe together with such evidence required by the Directors and upon acceptance by a majority of the Directors become a member of the SPMRA, and on becoming a member, his land shall be deemed to be Resort Land.
- 2.3 A person may apply to the Directors for membership in the SPMRA and on acceptance by majority of the Directors shall become a member.
- 2.4 Every member shall pay the SPMRA annual membership dues in the amount specified in these By-laws, and shall otherwise comply with these By-laws.
- 2.5 The amount of the annual membership dues shall be as specified in Parts 19 and 20.
- 2.6 A person shall cease to be a member of the SPMRA:

- a) when the Board notifies him in writing that he no longer meets the requirements for membership and is no longer a member;
 - b) on his death or in the case of a corporation, on dissolution;
 - c) on being expelled; or
 - d) on having been a member not in good standing for 12 consecutive months.
- 2.7 A member may be expelled by a special resolution of the members passed at a general meeting on the following conditions:
- a) The notice of special resolution for expulsion shall be accompanied by a brief statement of the reason for the proposed expulsion; and
 - b) 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.
- 2.8 All members are in good standing except a member who has failed to pay his current annual membership fees or any other subscription or debt due and owing by him to the SPMRA and he is not in good standing so long as the debt remains unpaid.
- 2.9 All members who own a Resort Lot, lease premises on a Resort Lot, or carry on business in the Controlled Recreation Area, will (either directly or through their agent) notify the SPMRA in writing (in the form attached as Schedule “C”) immediately after they sell a Resort Lot, their lease terminates or expires or otherwise becomes not effective, or they sell their business or otherwise cease to carry on a business in the Controlled Recreation Area.

PART 3

BORROWING POWERS

3. BORROWING POWERS

- 3.1 Without any way limiting the powers of the Directors contained in By-law 8.1, the Directors may from time to time on behalf of the SPMRA:
- 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 out the objectives of the SPMRA;
 - b) issue bonds, debentures and other debt obligations either outright or as a security for any liability or obligations of the SPMRA 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 SPMRA (both present and future); and

- d) guarantee the repayment of any sum of money borrowed by any person or corporation and guarantee the performance of any obligation of any person or corporation 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 SPMRA.
- 3.2 Any bonds, debentures or other debt obligations of the SPMRA may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawing of or conversion into or exchange for other securities, attending and voting at general meetings of the SPMRA, appointment of Directors or otherwise, and may by their terms be assignable free from any equities between the SPMRA and the person to whom they were issued or any subsequent holder thereof, all as the Directors may determine.
- 3.3 The SPMRA shall keep or cause to be kept within the Province of British Columbia a register of its debentures and a register of debenture holders, which registers may be combined, and may keep or cause to be kept one or more branch registers of its debenture holders at such place or places as the Directors may from time to time determine and the Directors may by resolution, regulations or otherwise make such provisions as they deem necessary for the keeping of such branch registers.
- 3.4 Every bond, debenture or other debt obligations of the SPMRA shall be signed manually by at least one Director or officer of the SPMRA or by or on behalf of a trustee, registrar, branch registrar, transfer agent or branch transfer agent for the bond, debenture or debt obligation appointed by the SPMRA or under any instrument under which the bond, debenture or other debt obligation is issued and any additional signatures may be printed or otherwise mechanically reproduced thereon 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 is stated on such bond, debenture or other debt obligation to hold at the date of the issue thereof.

PART 4

GENERAL MEETINGS

4. GENERAL MEETINGS

- 4.1 An annual general meeting of the SPMRA 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 in 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 these By-laws mentioned, to such persons as are entitled by law or under these By-laws to receive such notice from the SPMRA. 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 SPMRA 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 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 registered office, head office of the SPMRA 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. 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 By-laws 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 Chairman 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 10 persons (or if there are less than 10 members of the SPMRA in total, 70% of the total membership) present and entitled to vote at a general or extraordinary meeting. The Directors, the Secretary, or in his absence, an assistant

Secretary, and the solicitor of the SPMRA 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 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 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 By-law 5.6, the Chairman of the Board of the SPMRA, the Vice-Chairman, or in the absence of both, one of the other Directors present, shall preside as Chairman of a general meeting.
- 5.6 If at a general meeting:
- a) there is no Chairman of the Board, Vice-Chairman or other Director present within 15 minutes after the time appointed for holding the meeting; or
 - b) the Chairman of the Board and all the other Directors present are unwilling to act as Chairman;

the members present shall choose one of their number to be Chairman.

- 5.7 The Chairman 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 Chairman may propose or second a motion.
- 5.9 Subject to the provisions of the *Society Act* and these By-laws, 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 Chairman or demanded by at least one member entitled to vote who is present in person or by proxy. The Chairman 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 book of proceedings of the SPMRA. A declaration by the Chairman 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 book of proceedings of the SPMRA 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 Chairman 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 a Chairman. 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 Chairman, is reasonably convenient, but in any event within 14 days and at such time and place and in such manner as the Chairman 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 proceed pending the taking of the poll. A demand for a poll may be withdrawn. In any dispute as to the admission or rejection of a vote the decision of the Chairman 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 such period and be subject to such inspection as the *Society Act* may provide.
- 5.13 Unless the *Society Act* or these By-laws 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. VOTES OF MEMBERS

- 6.1 Subject to the provisions set forth in these By-laws 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, except that:
- a) Notwithstanding anything in these By-laws to the contrary, no member of the SPMRA who is not in good standing shall be entitled to vote at a general or extraordinary general meeting.
 - b) For the purpose of By-law 6.1, in the case of members who are joint Owners 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 SPMRA, 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 or class 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 represents as that corporation could exercise if it were an individual member of the SPMRA 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 SPMRA 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 In the case of members who are joint Owners of Resort Land, the vote of the person who exercises a vote, whether in person or by proxy holder, shall be accepted to the exclusion of the votes of the other members who are joint Owners of that Resort Land; and for this purpose seniority shall be determined by the order in which the names stand in the register of members. Several legal personal representatives of a deceased member who is an Owner of Resort Land shall be deemed to be joint Owners of such Resort Land for the purpose of this By-law.
- 6.4 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 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.
- 6.5 A member is entitled to appoint one or more proxies to attend, act and vote for him at any meeting, which the member is entitled to attend and vote as a member. Such a member shall specify the voting rights a proxy shall be entitled to vote. Unless the appointment of a person who is an Owner of, or carries on a business on Resort Land owned by such member and who is an occupier of land owned by such member, the appointment of a proxy is revocable and shall not be for more than one year.
- 6.6 A form of proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the seal of the corporation or under the hand of a duly authorized officer or attorney. A proxy holder need not be a member of the SPMRA.
- 6.7 A form of proxy shall be deposited at the registered office of the SPMRA or at such other place specified for that purpose in the notice convening the meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) 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 appointor of the form of proxy appoints by way of an attorney, then 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 power of attorney, if any) may be sent by facsimile may be acted upon as though the proxies themselves were deposited as required by this Part and votes given in accordance with such regulations shall be valid and shall be counted.
- 6.8 Unless the *Society Act* or any other statute or law which is applicable to the SPMRA requires any other form of proxy, a proxy, whether for a specified meeting or otherwise, shall be in the form following, but may also be in any other form that the Directors or the Chairman of the meeting shall approve.

PROXY
SUN PEAKS MOUNTAIN RESORT ASSOCIATION

The undersigned, being a member of the Sun Peaks Mountain Resort Association hereby appoints _____ or failing him, _____ as proxy holder of the undersigned to attend, act and vote for and on behalf of the undersigned at the general meeting of the SPMRA to be held on the day of _____, and at any adjournment thereof.

Signed the ___ day of _____, _____.

Signature of Member

- 6.9 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 or the transfer of the membership in respect of which the proxy was executed or the transfer of the membership in respect of which the proxy is given, provided that no notification in writing on such death, incapacity, revocation or transfer shall have been received at the registered office of the SPMRA or by the Chairman of the meeting or adjourned meeting for which the proxy was given before the vote is taken.
- 6.10 Every proxy may be revoked by an instrument in writing:
- a) executed by the member giving the same or by his attorney authorized in writing or, where the member is a corporation, by a duly authorized officer or attorney of the corporation; and
 - b) delivered either to the registered office of the SPMRA 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 Chairman 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;
 - c) or in any other manner provided by law.

PART 7

DIRECTORS

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 travelling, hotel and other expenses incurred in and about the business of the SPMRA 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 the By-law 7.1 a) above or which are not documented in accordance with By-law 7.1 b) above.

- 7.2 A Director shall not be required to be a member of the SPMRA as qualifications for his office shall be qualified as required by or pursuant to the *Society Act*, to become or act as a Director.

- 7.3 Subject to By-law 7.3 d), the SPMRA shall have the following Directors who shall be elected or appointed in accordance with this Part 7:

- a) as long as the Sun Peaks Operator is not in default of its payment obligations to the SPMRA that may be due pursuant to By-law 19 or 20, the Sun Peaks Operator shall be entitled to appoint 3 Directors, provided that the tenure of any Director appointed by the Sun Peaks Operator pursuant to this By-law 7.3 a) shall terminate at the same time as the Sun Peaks Operator ceases for any reason whatsoever to be a member of the SPMRA or loses for any reason whatsoever the right to appoint a Director.

- b) The members of the SPMRA, as provided in By-laws 7.4 and 7.5, shall elect 7 Directors (the “Elected Directors”);

- c) 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 the Directors or the Executive Committee of the Board of Directors consented to in writing and to examine the financial statements and records of the SPMRA.

- d) the Board of Directors may from time to time appoint an additional Director to the Board for the purpose of holding the office of Chairman of the Board, which Director shall be entitled to vote and shall be counted in the quorum for any meeting of the Directors.

- 7.4 The following definitions and criteria will apply to Part 7 of these By-laws:

- a) Subject to By-law 7.3 d), for the purpose of this Part 7 the following definitions shall apply:

- i. a “Commercial/Tenant/Independent Operator Director” means a Director elected by the vote of all members of the SPMRA who:

- (A) have a written lease agreement between the member and the owner of a Commercial Resort Lot for a term of not less than one year for all or a portion of a Commercial Resort Lot and who are in possession of the premises under that lease agreement (herein called “Tenants”); or

- (B) who own a Commercial Resort Lot; or

- (C) who operate a business in the Controlled Recreation Area and are not otherwise entitled to vote for a Director;
 - ii. a “Hotel Lodging Director” means a Director elected by those members of the SPMRA who own a Hotel Lodging Resort Lot;
 - iii. a “Non-Hotel Lodging Director” means a Director elected by those members of the SPMRA who own a Non-Hotel Lodging Resort Lot;
 - iv. a “Residential Director” means a Director elected by those members of the SPMRA who own a Residential Resort Lot;
 - v. a “Single Owner Hotel Lodging Director” means a Director elected by those members of the SPMRA who own a Single Owner Hotel Lodging Resort Lot;
- b) For the purposes of voting for a Commercial/Tenant/Independent Operator Director, those members of the SPMRA who own a Commercial Resort Lot shall be entitled to a total of one vote only, regardless of the number of Tenants or Independent Operators in possession of the Commercial Resort Lot or a part thereof.
 - c) If the Sun Peaks Operator is qualified under paragraph ii. to iv. inclusive of By-law 7.4 a) then it shall be entitled to vote for the class or classes of Directors for which it qualifies.
 - d) Any dispute as to the qualifications of a member to vote for any class of Director under paragraphs ii to iv inclusive by By-law 7.4 a), the voting entitlement of a member under By-law 7.4 b), or the interpretation of any one or more of the definitions of Hotel, Non-Hotel Lodging, Single Owner Hotel Lodging, Hotel Lodging Resort Lot, Non-Hotel Lodging Resort Lot or Single Owner Hotel Lodging Resort Lot any of the defined terms in the By-law 7.4, shall be referred to the Directors who shall determine the issue. The Directors shall not be obligated to give reasons for their determination, which shall be binding upon the parties.

7.5 The Elected Directors shall be elected as follows:

- a) at each annual general meeting the members shall elect for a term of 2 years the number of Elected Directors and of the class respectively of those Elected Directors whose terms expire at each such annual general meeting as follows:
 - i. 1 Residential Director whose term shall expire at the annual general meeting two years after the Director having been elected;
 - ii. 2 Non-Hotel Lodging Directors whose terms shall expire at the annual general meeting two years after the Directors having been elected;
 - iii. 2 Hotel Lodging Directors whose terms shall expire at the annual general meeting held two years after the Directors having been elected;

- iv. 1 Commercial/Tenant/Independent Operator Director whose term shall expire at the annual general meeting held two years after the Director having been elected.
 - v. 1 Single Owner Hotel Lodging Director whose term shall expire at the annual general meeting held two years after the Director having been elected.
- 7.6 A Director appointed by the Sun Peaks Operator shall remain a Director of the SPMRA until such time as the Sun Peaks Operator revokes such an appointment or he is otherwise disqualified.
- 7.7 The following provisions apply to Elected Directors:
- a) A retiring Director shall be eligible for re-election.
 - b) Where the SPMRA fails to hold an annual general meeting in accordance with the *Society Act*, 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 By-laws 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.
 - 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 of 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, 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) Pursuant to the *Society Act* Chapter 433 Schedule “B”, 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 SPMRA, but is eligible for re-election at that meeting.
 - e) The SPMRA may by Special Resolution remove any Director other than a Director appointed by the Sun Peaks Operator before the expiration of his period of office, and may by an Ordinary Resolution appoint another person in his stead.
 - f) The provisions of the By-law 7.7 apply only to the Elected Directors.
- 7.8 Any Director who is not an Elected Director or the Chairman of the Board may by instrument in writing delivered to the SPMRA appoint any person to be his alternate to act in his place at meetings of the Directors at which he is not present and, if such is not a Director, the Directors shall reasonably approve his appointment as an alternate Director and shall have given notice to that effect to the Director making such appointment within a reasonable time after delivery of

such instrument to the SPMRA. Every such alternate Director shall be entitled to notice of every meeting at which the person appointing him is not personally present and, if he is a Director, to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director who is not an Elected Director or the Chairman of the Board may at any time by instrument, telegram, facsimile or any method of transmitting legibly recorded messages delivered to the SPMRA revoke the appointment of an alternate Director appointed by him. An alternate Director as such shall not be entitled to any remuneration from the SPMRA.

- 7.9 The office of Director shall be vacated if the Director:
- a) resigns his office by notice in writing delivered to the registered office of the SPMRA; or
 - b) is convicted within or without the Province 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*; or
 - d) in the case of a Director appointed pursuant to By-law 7.3 d), is terminated by the Directors pursuant to By-law 12.1.

PART 8

POWERS AND DUTIES OF DIRECTORS

8. POWERS AND DUTIES OF DIRECTORS

- 8.1 The Directors shall manage, or supervise the management of, the affairs and business of the SPMRA and shall have the authority to exercise all such powers of the SPMRA as are not, by the *Society Act* or by these By-laws, required to be exercised by the SPMRA in general meeting, subject, nevertheless, to these By-laws and all laws affecting the SPMRA and to any regulations, not inconsistent with these By-laws, 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 SPMRA for such purposes, and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these By-laws and excepting the powers of the Directors relating to the constitution of the Board 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 SPMRA 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.

PART 9

DISCLOSURE OF INTEREST OF DIRECTORS

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 SPMRA or who holds any office or possesses any property whereby, directly or indirectly, a duty or interest might be created to conflict with his duty or interest as Director shall declare the nature and extent of his interest in such contract or transaction or of the conflict or potential conflict with his duty and interest as a Director, as the case may be, in accordance with the provisions of the *Society Act*.
- 9.2 Subject to the provisions of the *Society Act*, no Director shall be disqualified by his office from holding any office or place of profit under the SPMRA or under any company in which the SPMRA shall be a shareholder or otherwise interested, or from contracting with the SPMRA 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 SPMRA 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 SPMRA for any profit arising from any such office or place of profit or realized by any such contract or arrangement by reason only such Director holding that office or of the fiduciary relations thereby established. A Director shall be entitled to vote at any meeting of the Directors in respect to any contract or arrangement in which he 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 interest. A Director of the SPMRA may be or become a director of any company promoted by the SPMRA 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 member of such company.
- 9.3 A Director may hold any office or place of profit with the SPMRA (other than the office of auditor of the SPMRA) in conjunction with his 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 office from contracting with the SPMRA either with regard to his 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 SPMRA 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 has an interest may act in a professional capacity for the SPMRA (except as auditor of the SPMRA) and he or such corporation or firm shall be entitled to remuneration for professional services as if he 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 SPMRA may be interested as a shareholder or otherwise and, subject to compliance with the provisions of the *Society Act*, such Director shall not be accountable to the SPMRA from any remuneration or other benefits received by him as director, officer or employee of, or from his interest in such other corporation or firm.

PART 10

PROCEEDINGS OF DIRECTORS

10. PROCEEDINGS OF DIRECTORS

- 10.1 The Chairman of the Board shall preside as Chairman at every meeting of the Directors, or if the Chairman of the Board is not present within 15 minutes of the time appointed for holding the meeting or is not willing to act as Chairman or, if the Chairman of the Board has advised the Secretary that he will not be present at the meeting, the Directors shall choose one of their number to be Chairman 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, as 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 hear each other and provided that all such Directors agree to such participation. Directors holding a meeting in accordance with this By-law 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 or an Assistant 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 address as it appears on the books of the SPMRA or by leaving at his 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 SPMRA may file with the Secretary a document executed by him waiving notice of any past, present or future meeting or meetings of the Directors being, or required to have been, sent to him 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 be given to such Director and, unless the Director otherwise requires in writing to the Secretary, to his 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 five 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 By-laws as the necessary quorum of Directors, the continuing Directors may act 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 Sun Peaks Operator), or of summoning a general meeting of the SPMRA, 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 Directors shall be as valid and effectual as if it had been passed at a meeting or 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.

PART 11

EXECUTIVE AND OTHER COMMITTEES

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 of Directors at such time as the Board of Directors 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 of Directors at such times as the Board of Directors 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 Chairman 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 OFFICERS

- 12.1 The Directors shall, from time to time, appoint a Chairman of the Board, a Vice-Chairman, a Secretary, a Treasurer and such other officers, if any, as the Directors shall determine and the Directors may, at any time terminate any such appointment. No officer shall be appointed unless he is qualified in accordance with the provisions of the *Society Act*.
- 12.2 One person may hold more than one of such offices except the offices of the Chairman of the Board and Secretary must be held by different persons. Any person appointed as the Chairman of the Board, the Vice-Chairman or the Secretary shall be a Director. The other officers need not be Directors.
- 12.3 The Chairman of the Board shall preside at all the meetings of the SPMRA and of the Directors.
- 12.4 The Secretary or his assistant(s) shall:
- a) conduct the correspondence of the SPMRA;
 - b) issue notice of meetings of the SPMRA and Directors;
 - c) keep minutes of all meetings of the SPMRA and Directors;
 - d) have custody of all records and documents of the SPMRA; and
 - e) maintain the register of members.
- 12.5 The Treasurer or his assistant(s) 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.
- 12.6 The offices of Secretary and Treasurer may be held by one person who shall be known as the Secretary Treasurer.
- 12.7 In the absence of the Secretary or his assistant(s) from the meeting, the Directors shall appoint another person to act as Secretary at the meeting.
- 12.8 The duties of any person or persons appointed as the Chairman of the Board or Vice-Chairman shall be as stipulated by the Directors.
- 12.9 Every officer of the SPMRA who holds any office or possesses any property whereby, whether directly or indirectly, duties or interest might be created in conflict with his duties or interests as an officer or director of the SPMRA shall, in writing, disclose to the Chairman of the Board the fact and the nature, character extent of the conflict.

PART 13

INDEMNITY AND PROTECTION OF DIRECTORS, OFFICERS AND EMPLOYEES

13. INDEMNITY AND PROTECTION OF DIRECTORS, OFFICERS AND EMPLOYEES

- 13.1 Subject to the provisions of the *Society Act*, the Directors shall cause the SPMRA to indemnify a Director or former Director of the SPMRA 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 judgement, actually and reasonably incurred by him or them including an amount paid to settle an action or satisfy a judgement in a civil, criminal or administrative action or proceeding to which he is or they are made a party by reason of his being or having been a Director of the SPMRA, including any action brought by the SPMRA. Each Director of the SPMRA on being elected or appointed shall be deemed to have contracted with the SPMRA on the terms of the foregoing indemnity.
- 13.2 Subject to the provisions of the *Society Act*, the Director may cause the SPMRA to indemnify any officer, employee or agent of the SPMRA (not withstanding that he is also a Director) and his heirs and personal representatives, against all costs, charges and expenses whatsoever incurred by him or them and resulting from his acting as an officer, employee or agent of the SPMRA. In addition, the SPMRA shall indemnify the Secretary or an Assistant Secretary of the SPMRA (if he shall not be a full time employee of the SPMRA and not withstanding that he is also a Director) and his respective heirs and legal representatives against all costs, charges and expenses whatsoever incurred by him or them and arising out of the functions assigned to the Secretary by the *Society Act* or these By-laws and each such Secretary and Assistant Secretary shall on being appointed be deemed to have contracted with the SPMRA on the terms of the foregoing indemnity.

- 13.3 The failure of a Director or officer of the SPMRA to comply with the provisions of the *Society Act* or these By-laws shall not invalidate any indemnity to which he is entitled under this part.
- 13.4 The Directors may cause the SPMRA to purchase and maintain insurance for the benefit of any person who is or was serving as Director, officer, employee or agent of the SPMRA or as a director, officer, employee or agent of any corporation of which the SPMRA is or was a shareholder and his heirs or personal representatives against any liability incurred by him as such Director, officer, employee or agent.

PART 14

DOCUMENTS, RECORDS AND REPORTS

14. DOCUMENTS, RECORDS AND REPORTS

- 14.1 The SPMRA shall keep at its head office or at such other place as the *Society Act* may permit, the documents, copies, registers, minutes, and records, which the SPMRA is required by the *Society Act* to keep at its head office or such other place, as the case may be.
- 14.2 The SPMRA shall cause to be kept proper books of account and accounting record in respect of all financial and other transactions of the SPMRA in order to properly record the financial affairs and conditions of the SPMRA and to comply with the *Society Act*.
- 14.3 Upon a request to, and with the approval of the Board, a member of the SPMRA shall be entitled to inspect the accounting records of the SPMRA.
- 14.4 The Directors shall from time to time at the expense of the SPMRA cause to be prepared and laid before the SPMRA in a general meeting such financial statements and reports as are required by regulations under 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 SPMRA 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. NOTICES

- 15.1 A notice, statement or report may be given or delivered by the SPMRA to any member either by delivery to him personally or by sending it by mail to him to his address as recorded in the register of members. 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 holidays excepted, following the date of mailing. A certificate signed by the Secretary or other officer of the SPMRA or of any other corporation, acting in that behalf for

the SPMRA, that the letter, envelope or wrapper containing the notice, statement or report was so addressed prepaid and mailed shall be conclusive evidence thereof.

- 15.2 A notice, statement or report may be given or delivered by the SPMRA to the joint owners of a Resort Lot by giving the notice to the joint owner first named in the register of members in respect of the Resort Lot.
- 15.3 A notice, statement or report may be given or delivered by the SPMRA 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 person or trustee of the bankrupt, or by any like description, to the address (if any) supplied to the SPMRA 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.
- 15.4 Notice of every general meeting or meeting of members of a specific class 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 SPMRA and the Directors of the SPMRA shall be entitled to receive notices of any such meeting.

PART 16

RECORD DATES

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 any class thereof 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 and, in such case, notwithstanding anything elsewhere contained in these By-laws. 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 By-law the date on which the notice is mailed shall be the record date for such determination.

PART 17

SEAL

17. SEAL

- 17.1 The Directors may provide a Seal for the SPMRA 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) one of the Chairman of the Board, a Director and a Vice-Chairman together with one of the Secretary, the Treasurer, the Secretary-Treasurer, an Assistant Secretary, an Assistant Treasurer and an Assistant Secretary-Treasurer, or
 - c) 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.
- 17.2 To enable the Seal of the SPMRA to be affixed to any bonds, debentures or other securities of the SPMRA, whether in definite or interim form, on which facsimiles of any of the signatures of the Directors or officers of the SPMRA are, in accordance with the *Society Act* and/or these By-laws, printed or otherwise mechanically reproduced there may be delivered to the firm or company employed to engrave, lithograph or print such definitive or interim bonds, debentures or other securities one or more un-mounted dies reproduced in the SPMRA's Seal and the Chairman of the Board or a Vice-Chairman and the Secretary, Treasurer, Secretary-Treasurer, an Assistant Secretary, an Assistant Treasurer or an Assistant Secretary-Treasurer may by a document authorize such firm or company to cause the SPMRA's Seal to be affixed to such definitive or interim dies. Bonds, debentures or other securities to which the SPMRA's Seal lawfully affixed shall for all purposes be deemed to be under and to bear the SPMRA's Seal lawfully affixed thereto.
- 17.3 The SPMRA may have for use in any other province, state, territory or country an official seal which shall have on its face the name of the province, state, territory or country where it is to be used and all of the power conferred by the *Society Act* with respect thereto and be exercised by the Directors or by a duly authorized agent of the SPMRA.

PART 18

AMENDMENT OF BY-LAWS

18. AMENDMENT OF BY-LAWS

- 18.1 These By-laws may only be added to, amended or repealed by a Special Resolution and in accordance with the *Society Act*.
- 18.2 These By-laws, if they relate solely to a particular Cost Centre, may be amended by a Special Resolution of the members, provided that three-quarters of those members who pay assessments in respect of that particular Cost Centre have approved the amendment.

PART 19

ASSESSMENTS PAYABLE BY SUN PEAKS OPERATOR

19. ASSESSMENTS PAYABLE BY SUN PEAKS OPERATOR

- 19.1 Notwithstanding anything contained in these By-laws to the contrary, except for By-law 20.2, the total assessment the Sun Peaks Operator shall be required to pay to the SPMRA during each fiscal year of the SPMRA is an amount equal to 5% of the Gross Lift Revenue (“Lift Revenue Fee”) for each such fiscal year. Such amount is to be calculated quarterly and payable in quarterly instalments as follows: within thirty (30) days after the last day of each calendar quarter of each such fiscal year, the Sun Peak Operator shall pay to the SPMRA an amount equal to 5% of the Gross Lift Revenue it received during the immediately preceding calendar quarter of such fiscal year; provided that the total amount payable during such fiscal year shall be adjusted as of the last day of such fiscal year for the amount, if any, by which the amount actually paid exceeds or is less than the amount payable under the By-law.
- 19.2 If the total assessments paid by the Sun Peaks Operator pursuant to By-law 19.1 exceed thirty-five per cent (35%) of the total of all Function Costs in any fiscal year of the SPMRA, the excess shall be remitted by the SPMRA to the Sun Peaks Operator not later than thirty (30) days after the end of such fiscal year. The minimum Lift Revenue Fee payable by the Sun Peaks Operator to the SPMRA under this part 19 will not be less than \$100,000 in each fiscal year of the SPMRA.
- 19.3 The Directors may determine the portion of the Lift Revenue Fee that will be allocated to the Common Cost Centre (“Ski Operator Common Cost Portion”) and the Business Cost Centre (“Ski Operator Business Cost Portion”).

PART 20

COST CENTRES AND ASSESSMENTS PAYABLE BY MEMBERS

20. COST CENTRES AND ASSESSMENTS PAYABLE BY MEMBERS

- 20.1 The SPMRA accounts and cost centres shall be set up as follows:
- a) The SPMRA shall keep and maintain separate accounts of all income and expenditures relating to each Function and in doing so shall allocate its administrative cost to such Functions on a reasonable basis. For the purpose of this By-law 20.1 a) ex gratia payments or contributions to the SPMRA shall be excluded from the determination of the income for each Function and in determining the “Function Costs”. The difference between income and expenses (including administrative costs) for each Function (the “Function Cost”) shall be allocated to separate accounts called cost centres (“Cost Centres”).
 - b) The SPMRA shall initially have two Cost Centres: The Common Cost Centre and the Business Cost Centre. The Business Cost Centre shall have allocated to it all or a portion of the Function Costs determined by the Board including, but not limited to: the central reservations and information Function; the marketing Function; the central billing Function; recreation Function in the Village; property maintenance Function in the village; security Function in the village; and the other Functions of landscaping in the Village, special events, transportation, animation, and employee training; all of the cost related to the operation of any conference centre, and all reserves and accrued interest thereon related to the operation of any conference centre. The common Cost Centre shall have allocated to it the Function Costs determined by the Board including, but not limited to:

administration and management costs not allocated to a Function; the information Function; marketing and research Functions; recreation Function; and special events Function; including entertainment and animation; maintenance Function; security and landscaping Function.

- c) The Board of Directors of the SPMRA shall not later than thirty (30) days prior to completion of each fiscal year cause to be prepared and shall approve a budget for the next fiscal year which shall set forth the anticipated income and expenses (including a reasonable allowance for contingencies) for each Function and the amounts anticipated to be allocated to each Cost Centre. The said budget shall include the amounts of all surpluses or deficits for each Function during the SPMRA’s immediately preceding fiscal year and shall be placed before the next Annual General Meeting of the SPMRA together with the financial statements of the SPMRA as required pursuant to the *Society Act*.
- d) The SPMRA shall raise the amounts allocated or anticipated to be allocated to the:
 - i. Common Cost Centre by levying an annual assessment of fifty (\$50) dollars against each of its members who is not an Owner of Resort Land (the total of which assessment is hereafter to be called the “Annual Fees”) and an annual assessment to be not less than fifty (\$50) dollars against each of its members who is an Owner of one or more Resort Lots calculated in accordance with the following formula:

Unit Value of member’s Resort Lots _____	X	Total of all amounts to the Common Cost Centre less the aggregate of all Annual Fees, Tenant/Independent Fees and the Ski Operator’s Common Cost Portion
Total of Unit Value of all Operator Resort Lots		

- ii. Business Cost Centre by levying an annual assessment against each of its members who is an Owner of Resort Land, who if an election were then held for a Hotel Lodging Director, Single Owner Hotel Lodging Director, Commercial/Tenant/Independent Operator Director, Non-Hotel Lodging Director, would be entitled to vote thereat (the Hotel Lodging Resort Lots, Non-Hotel Lodging Resort Lots, of all such members are hereinafter called “Business Cost Centre Resorts Lots”) calculated as follows:

Unit Value of member’s Business Cost Centre Resort Lots _____	X	Total of all amounts allocated to the Business Cost Centre less the Ski Operator’s Business Cost Portion
Total of all the Unit Value of all Business cost Centre Resort Lots		

- iii. Common Cost Centre by levying an assessment against each Independent Operator and Tenant in an annual amount equal to: \$150 plus an annual amount equal to \$150 multiplied by the cumulative annual change in consumer prices,

expressed as a percentage, for the period beginning in December 1994 and ending in December of the current year; such percentage to be based on the All Items Consumer Price Index for British Columbia, and if such consumer price index is discontinued the change in consumer prices, as determined by the Directors (the “Tenant/Independent Operator Fees”).

- e) All assessments to be levied pursuant to By-law 20.1 d) shall be levied quarterly or at such other time as the Directors may decide and shall be payable within thirty (30) day after being levied. Late payments will be assessed interest at the rate determined by the Board.
- f) Any member of the SPMRA against whom an assessment is levied or is levied pursuant to By-law 20.1 d) in respect of any Cost Centre shall be a member of that particular Cost Centre and shall remain a member thereof for as long as such an assessment is leviable against him.
- g) The Directors of the SPMRA may from time to time create new Cost Centres by Special Resolution of the members provided that they obtain the approval of three-quarters of those members of the SPMRA who would become members of the Cost Centre immediately after its creation and once any such Cost Centre has been established the provisions of this By-law 20.1 shall apply thereto mutatis mutandis.
- h) For the purposes of this By-law 20.1 for the period starting on the date an improvement is substantially complete on a Resort Lot and ending on the day after the improvement ceases to exist, the Resort Lot shall have a unit value (“Unit Value”) calculated as follows:
 - i. in calculating assessments for the Common Cost Centre each bedroom in a Hotel and Non-Hotel Lodging including rooms used for employee housing shall have two (2) units;
 - ii. in calculating the assessments for the Business Cost Centre each bedroom in a Hotel and Non-Hotel Lodging which is not used for employee housing shall have two (2) units;
 - iii. a “dwelling unit” (which for the purposes of this paragraph iii. shall mean one or more rooms used or intended to be used for domestic purposes) shall have two (2) units for each bedroom contained therein and a dwelling unit which does not contain a separate bedroom or sleeping room shall have two units; except a dwelling unit on a Resort Lot shall have a maximum of six (6) units if it does not contain an auxiliary residential dwelling unit, and a maximum of eight (8) units if it contains an auxiliary residential dwelling unit. An auxiliary residential dwelling unit on a Residential Resort Lot that is rented on a continuous basis to a full time employee of a SPMRA member will be deemed not to be included in calculating assessment.
 - iv. the unit value for a Resort Lot containing commercial space (except office space and restaurant space) shall be equal to the total floor space (measured in square

meters) divided by seven and one-half (7-1/2); provided however that corridors, stairways, meeting rooms, kitchen, laundry and utility rooms, hotel reception areas, washrooms, storage areas and other similar areas shall not be considered as commercial space. The unit value for Office space and restaurant space will be calculated as other commercial space, except the total floor space will be divided by fifteen (15);

- v. for the purpose of i., ii. and iii.:
 - (A) a loft which is enclosed or is capable of being substantially enclosed by screens, dividers or curtains or any combination thereof which contains a bed or beds or any furniture capable of being converted into a bed or beds shall have one unit;
 - (B) a loft which is open and cannot be enclosed by screens, dividers or curtains or any combination thereof which contains or has contained a bed or beds or any furniture capable of being converted into a bed or beds shall have one unit;
 - (C) any room in a hotel that contains a bed or beds or any furniture capable of being converted into a bed or beds shall be deemed to be a bedroom; and
- vi. the assessment payable under Part 20 shall be allocated to each Cost Centre proportionately to the total of all Function Costs for all cost Centres.

20.2 Notwithstanding anything in these Bylaws to the contrary:

- a) the Sun Peaks Operator shall be assessed for any undeveloped land owned by it which is Resort land or for any Land owned by it which is Resort Land on which improvements have been made for public recreation, public convenience, or cultural purposes, convention and meeting facilities and indoor and outdoor parking facilities;
- b) the Sun Peaks Operator, in addition to assessments payable by it under Part 19, shall be obligated to pay assessments to the SPMRA for facilities and businesses owned or operated by them on Resort Land which is either a Commercial Resort Lot, Hotel Lodging Resort Lot or a Non-Hotel Lodging Resort Lot, except that they shall not be obligated to pay assessments for facilities and businesses owned or operated by it on Resort Land if such facilities or business are related to the operation and administration of their respective ski lifts, ski patrol, ski schools, ski equipment sales or rental facilities, employee housing, administration offices, maintenance buildings, chapels, helicopter stations, medical clinics or facilities, ski clubs facilities or food and beverage operations in ski day lodges, and all facilities within buildings which are within 75 meters of any lift owned or operated by the Sun Peaks Operator.

PART 21

FUNCTIONS

21. FUNCTIONS

21.1 Subject to the restrictions contained in the *Society Act*, in carrying out its operations:

- a) Central Reservations and Information: The SPMRA shall make available a central reservation and information service for its members, which service may include the administration of a room pool and the performance of related travel arrangement services. All members of the SPMRA who are entitled to vote for a Hotel Lodging Director or Non-Hotel Lodging Director shall participate in the reservation system. The SPMRA's reservation system will be so designed that room selection shall be determined as equitably as possible for all participating members and where practicable and economical selection will be done by computer. If requested by the SPMRA, members using the service shall be required to comply with such reasonable rules and regulations of the SPMRA in connection with the central reservation and information services as may be in effect from time to time. Such rules and regulations may provide for: the submission of specified information to the SPMRA relating to proposed occupancy, type of facilities available, booking time and other information necessary for the proper functioning of the service and relating to the marketing and promotion of the Resort Land as a year-round destination resort; the payment of specified fees and charges for set-up, administration and use of the service; and the assignment of rooms by the SPMRA.
- b) Central Billing: The SPMRA may make available to its members a central billing facility, which may provide for the issuance of an identification card to overnight guests, the collection by the SPMRA of all monies constituting purchases under such card and the reimbursement by the SPMRA of payment for purchases owing to such members less an amount necessary to cover the expenses of operating the service.
- c) Marketing: The SPMRA shall provide a suitable and continuing program to promote the Resort Lands as a desirable year-round destination resort, including but not limited to, stimulating and co-ordinating major events, advertising and placing articles in news media, establishing uniform standards for promotional programs of individual members, involvement in lecture tours and ski shows, encouraging responsible groups to hold conferences and meetings within the Resort Lands and selling, co-ordinating and negotiating arrangements and accommodations for such groups, conducting tour operations, publishing a newsletter, and providing and operating reception and information centres. The SPMRA may, to the extent possible, carry out its powers hereunder in whole or in part or conjunction with or through any organisation which may be engaged in the promotion of the province or local area ski industry and may pay its fair share of the costs expenses of promotional activities of any such organisation.
- d) Recreation. The SPMRA may provide a year-round recreational program of suitable variety and such miscellaneous equipment as may be necessary therefor, including but not limited to: informing visitors of recreation available and stimulating their participation therein; conducting, operating, managing and maintaining programs for children, including but not limited to, day care facilities and youth centres, seniors facilities and such miscellaneous equipment as may be appropriate for use in connecting therewith; conducting, caring for, operating , managing, maintaining, repairing and replacing swimming pools, ice rinks, sauna and steam baths, golf facilities, horseback

riding stables, tennis courts, game courts, game areas and other recreational amenities, and such miscellaneous equipment as may be appropriate for use in connection therewith.

- e) Transportation: The SPMRA may operate or participate in a transportation system in the vicinity of the Resort Land and other areas and in connection therewith own or lease such buses or other vehicles as are required and provide for their maintenance and repair.
- f) Property Maintenance:
 - i. The SPMRA may provide for the care, operation, management, maintenance and repair of assets and facilities, which assets and facilities (herein sometimes collectively called “Facilities”) shall include all real and personal property or interests therein owned, leased, held or used by the SPMRA or under the SPMRA’s management or control, by, through or under contractual arrangements, licences or other arrangements, and without limitation the SPMRA may:
 - A) maintain parking areas, walks, drives, malls, stairs and other similar areas in good condition and attend to the removal of snow therefrom and the application of sand and salt thereto as is necessary for their customary use and enjoyment;
 - B) attend to the maintenance of open spaces or unimproved areas and provide care for the plants, trees and shrubs therein;
 - C) ensure that Facilities are adequately lighted; and
 - D) maintain all other Facilities in good repair.
 - ii. The SPMRA may light, plough, sand and salt any roads and sidewalks, which affect the Resort Land.
- g) Security: The SPMRA may provide security within the Resort Land.
- h) Telecommunications and Television: The SPMRA may, subject to all federal regulatory bodies, provide cable television service and any telecommunications services to the Resort Land and approve or prohibit the placement of television antennae within the Resort Land.
- i) Solid Waste Collection: The SPMRA may attend to the collection and removal of all solid wastes from the Resort Land.
- j) Other: Subject to the provisions of the *Society Act*, the SPMRA may undertake such other Functions as is deems reasonable or necessary to carry out its purpose, answering service, warehousing and delivery services and central laundry service for some or all of its members.
- k) Insurance: The SPMRA may purchase and keep in full force and effect such insurance coverage as it deems necessary.

- l) Right to Make Rules and Regulations: The SPMRA may amend and enforce the rules and regulations applicable within the Resort Land with respect to any of its Facilities, operations or Functions including but not limited to rules and regulations: to prevent or reduce fire hazard; to regulate signs; to regulate use of any and all Facilities to assure fullest enjoyment of use by persons entitled to enjoy and use the same; and to protect and preserve property and property rights. All rules and regulations adopted by the SPMRA shall be reasonable and shall be uniformly applied, except such rules may differentiate between classifications of membership. The SPMRA may provide for enforcement of any such rules and regulations through exclusion of violators from Facilities, or otherwise. Each member shall be obligated to and shall comply with and abide by such rules and regulations.
- m) Charges for Use of Facilities: Notwithstanding By-law 21.1 p), and subject to the provisions of the *Society Act*, the SPMRA may establish charges for use of Facilities to assist the SPMRA in offsetting the costs and expenses of the SPMRA attributable thereto. All charges established under the By-law shall be reasonable and shall be uniformly applied, except such charges may differentiate between classifications of membership and each member shall be obligated to and shall pay any such charges for such use.
- n) Charge for Services: Notwithstanding the provisions of By-law 21.1 p) and subject to the provisions of the *Society Act*, the SPMRA may establish charges for providing any service on a regular or irregular basis to a member to assist the SPMRA in offsetting the cost and expenses of the SPMRA attributable thereto. All charges established under this By-law shall be reasonable and shall be uniformly applied, except such charges may differentiate between classifications of membership and each member shall be obligated to and shall pay any such charges for such services.
- o) Right to Dispose of Facilities: Subject to the provisions of this By-law 21.1 and the *Society Act*, the SPMRA shall have full power and authority to sell, lease, grant rights in, transfer, encumber, abandon or dispose of any Facilities.
- p) Governmental Successor: Any of the Facilities and any function carried out by the SPMRA may be turned over to a governmental entity (or other entity created pursuant to legislation) which is willing to accept and assume the same upon such terms and conditions as may be approved by the affirmative vote of a majority of the Directors.
- q) Implied Rights of the SPMRA: The SPMRA shall have and may exercise any right or privilege given to it expressly in this By-law 21.1 or, except to the extent limited by the terms and provisions of this By-law 21.1, given to it by law and shall have and may exercise every other right or privilege or power and authority necessary or desirable to fulfil its obligations under this By-law 21.1, including the right to engage necessary legal, accounting and other professional services as may be necessary or desirable; and to perform any function by, through or under contractual arrangements, licenses, or other arrangements with any governmental or private entity as may be necessary or desirable.

PART 22

WINDING UP

22. WINDING UP

- 22.1 Subject to requirements specified in the Society Act, the members may wind up the SPMRA by special resolution or may amalgamate the SPMRA with one or more other societies created under the *Society Act* or other relevant legislation.

PART 23

DISTRUBUTION OF ASSETS ON WINDING UP

23. DISTRIBUTION OF ASSETS ON WINDING UP

- 23.1 Upon winding up of the SPMRA, after all debts of the SPMRA are paid, the remaining assets of the SPMRA shall, in the absence of a special resolution of the members to the contrary, be paid to the entity that is responsible for the Functions after the SPMRA is wound up.

SCHEDULE C

FORM OF NOTICE

TO: Secretary or Secretary Assistant
Sun Peaks Mountain Resort Association

FROM:

(Name & address of Member)

RE:

(Legal description & residential address of Resort Lot)

THIS IS TO NOTIFY YOU, I no longer own or lease the above-noted Resort Lot, nor do I carry on business at the Resort Lot. The rights to own/lease/carry on business at the Resort Lot are now owned by:

(Name & address of new Resort Lot owner/tenant/business)

Dated: _____ at _____

By: _____
(Signature of Member)