

REGULATION NO. 1

of the affairs of Muskoka Conservancy (the "Corporation")

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Transaction of the Affairs of the Corporation

1. Registered Office

Until changed in accordance with the Act, the registered office of the Corporation shall be in the District of Muskoka, in the Province of Ontario.

2. Financial Year

The financial year of the Corporation shall end on such date in each year as the board may from time to time determine by resolution.

3. Execution of Instruments

Deeds, transfers, assignments, contracts, obligations and other instruments in writing requiring execution by the Corporation may be signed by any two (2) of its officers or members of its Executive Committee. In addition, the board may from time to time direct the manner in which and the person or persons by whom a particular document or type of document shall be executed. Any signing officer may certify a copy of any instrument, resolution, by-law or other document of the Corporation to be a true copy thereof.

4. Banking Arrangements

The banking business of the Corporation shall be transacted with such banks, trust companies, brokerage firms or other firms or corporations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

5. Cheques, Etc.

All cheques, bills of exchange or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents and in such manner as shall from time to time be determined by resolution of the board and any one of such officers or agents may alone endorse notes and drafts for collection on account of the Corporation through its bankers, and endorse notes and cheques for deposit with the Corporation's bankers for the credit of the Corporation, or the same may be endorsed "for collection" or "for deposit" with the bankers of the Corporation by using the Corporation's rubber stamp for the purpose. Any of such proper signing officers may arrange, settle, balance and certify all books and accounts between the Corporation and the Corporation's bankers and may receive all paid cheques and vouchers and sign all the bank's forms or settlement of balance and release or verification slips.

6. Deposit of Securities for Safekeeping

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

7. Books and Records

The board shall ensure that all necessary books and records of the Corporation required by the Act, the by-laws of the Corporation or for any other reason are regularly and properly kept. The minutes of meetings of the board or of committees of the board, and all other documents, books, ledgers, statements, and other records of the Corporation (other than members' lists) shall not be available to the public or to members except as specifically provided for under the Act. Each of the directors shall be provided with a copy of the minutes of meetings of the board and of committees of the board and of such other documents or records of the Corporation as such director may reasonably request. A member who requests a copy of a members' list shall reimburse the Corporation for the reasonable cost incurred in providing a copy of such list.

Membership Conditions

8. Application for Membership

An application for membership as an Ordinary Member shall:

- i. be in such form and executed in such manner as the board may prescribe; and
- ii. contain or be accompanied by such information and material as the by-laws or the board may require.

An application for membership as an Ordinary Member shall be approved or disapproved by the

President or the Executive Director or such other officer or director as the board of directors determines, and upon approval of an application and the receipt of all applicable fees from the applicant, the applicant shall be admitted as a member.

9. Register of Members

The Corporation shall keep a register of the names and residence or business addresses of all members and of their respective annual dues and assessments (if any).

10. Nominees

Members who are corporations, partnerships or other entities required to be represented by a nominee in order to cast a vote shall appoint, in writing, a nominee who may represent such member for all purposes hereof. An appointment of a nominee pursuant to the terms hereof may be terminated by notice in writing signed by the member appointing a replacement nominee and delivered to the office of the Corporation.

11. Membership Dues

Members shall be notified in writing of the membership dues at any time payable by them and, if any are not paid within one (1) calendar month of the membership renewal date the members in default shall automatically cease to be members of the Corporation.

Meetings of Members

12. Chair, Secretary and Scrutineers

The president or, in the absence of the president, a vice-president who is a director of the Corporation, shall be chair of any meeting of members; if no such officer is present within fifteen minutes of the time fixed for holding the meeting, the members present and entitled to vote thereat shall choose one of their number to chair the meeting. If the secretary of the Corporation is absent, the chair shall appoint some person, who need not be a member, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be members, may be appointed by a resolution or by the chair with the consent of the meeting.

13. Persons Entitled To Be Present

The only persons entitled to attend a meeting of members shall be those entitled to vote thereat, the public accountants of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws of the Corporation to be present at the meeting, including any Honourary Member. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

Directors and Meetings of the Board

14. Vacation of Office

The office of a director shall be vacated upon the occurrence of any of the following events:

- i. if such director becomes bankrupt or suspends payment or compounds with such director's creditors or if a receiving order is made against such director or if such director makes an assignment under the *Bankruptcy and Insolvency Act* (Canada) or any similar legislation;
- ii. if an order is made declaring such director to be a mentally incompetent person or incapable of managing such director's affairs;

- iii. if such director is an “ineligible individual” as defined by the *Income Tax Act*;
- iv. on death; or
- v. if, by notice in writing to the secretary of the Corporation such director resigns such director’s office.

15. Removal of Directors

Pursuant to subsection 130(1) of the Act the members may, by ordinary resolution at a special meeting of members called for that purpose, remove any director before the expiration of such director’s term of office and may, by ordinary resolution, elect any person in such director’s stead for the remainder of such director’s term.

16. Vacancies

Vacancies on the board may be filled for the remainder of the directors’ term of office either by the members at a special meeting of members called for the purpose or, providing that the remaining directors constitute a quorum, by the board.

17. Regular Meetings of the Board of Directors

The board will meet at least four times per year. The board may appoint a day or days in any month or months for regular meetings at a place and hour to be named. A copy of any resolution of the board fixing the place and time of regular meetings of the board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except if subsection 136(3) of the Act requires the purpose thereof or the business to be transacted to be specified in the notice.

18. Place of Meeting

Meetings of the board shall be held at the registered office of the Corporation or elsewhere in Canada or, if the board so determines and all absent directors consent, at some place outside Canada.

19. Chair and Secretary

The president or, in the absence of the president, a vice-president who is a director, shall chair any meeting of directors; and, if no such officer is present, the directors present shall choose one of their number to chair such meeting. The Executive Director of the Corporation shall attend all meetings of the board in order to prepare the minutes thereof. In the absence of the Executive Director, the directors present shall choose one of their number to act as secretary of the meeting.

20. Meetings By Telephone

Where all the directors have consented thereto, any director may participate in a meeting of the board by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. A director participating in a meeting pursuant to this paragraph shall be deemed to be present in person at that meeting.

21. Meetings By Other Electronic Means

The directors of the Corporation may meet by other electronic means that permits each director to communicate adequately with each other, provided that:

- i. each director has equal access to the specific means of communication to be used; and
- ii. each director has consented to meetings by electronic or wireless means.

22. Interest of Directors In Contracts

Subject to the provisions of paragraph 25 hereof and of any applicable general or special law, no director shall be disqualified by virtue of holding office as a director from contracting with the Corporation nor shall any contract or arrangement entered into by or on behalf of the Corporation with any director or in which any director is in any way interested be liable to be avoided nor, subject to the provisions of the Act, shall any director so contracting or being so interested be liable to account to the Corporation or any of its members for any profit realized by any such contract or arrangement by reason of such director holding that office or the fiduciary relationship thereby established.

23. Declaration of Interest

It shall be the duty of every director of the Corporation who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or proposed arrangement with the Corporation, to declare such interest to the extent, in the manner and at the time required by the Act and to refrain from voting in respect of the contract or arrangement or proposed contract or proposed arrangement if and when prohibited by the Act.

24. Executive Committee

Where the number of directors exceed six, the board of directors of the Corporation may elect from amongst themselves an Executive Committee of not fewer than three and to delegate to the Executive Committee any powers of the board.

Notwithstanding the above, in accordance with subsection 138(2) of the Act, no executive committee has authority to:

- i. fill a vacancy among the directors or in the office of public accountant, appoint additional directors however designated;
- ii. adopt, amend or repeal by-laws;
- iii. submit to the members any question or matter requiring the approval of members;
- iv. issue debt obligations except as authorized by the directors;
- v. approve any financial statements referred to in section 172 of the Act; or
- vi. establish contributions to be made, or dues to be paid, by members under section 30 of the Act.

25. Meetings of the Executive Committee

A quorum for a meeting of the Executive Committee shall not be less than a majority of its members.

26. Honourary Directors

Subject to the provisions of paragraph 20 of By-law No. 1, the board may, from time to time, appoint a person or persons as honourary directors. Honourary directors shall be entitled to request and receive notice of and attend at all meetings of the board but shall not have the right to vote or any other powers or duties of a director and shall not be counted towards a quorum.

Officers

27. Description of Offices

Unless otherwise specified by the board (which may, subject to the Act, modify, restrict or supplement such duties and powers), the offices of the Corporation, if designated and if officers are appointed, shall have the following duties and powers associated with their positions:

President – The president, if one is to be appointed, shall be a director. The president shall be the chief executive officer of the Corporation and shall be responsible for implementing the strategic plans and policies of the Corporation. The president shall, subject to the authority of the board, have general supervision of the affairs of the Corporation. The president shall, when present, preside at all meetings of the board of directors and of the members.

Vice-President – The vice-president, if one is to be appointed, shall be a director. During the absence or disability of the president, the president's duties shall be performed and the president's powers shall be exercised by the vice-president (if appointed) or, if there is more than one, by the vice-presidents in order of seniority. A vice-president shall have such other powers and duties as the board or the president may prescribe.

Secretary – If appointed, the secretary shall attend and be the secretary of all meetings of the board, members and committees of the board. The secretary shall enter or cause to be entered in the Corporation's minute book, minutes of all proceedings at such meetings; the secretary shall give, or cause to be given, as and when instructed, notices to members, directors, the public accountant and members of committees; the secretary shall be the custodian of all books, papers, records, documents and other instruments belonging to the Corporation.

Treasurer – If appointed, the treasurer shall have such powers and duties as the board may specify.

The powers and duties of all other officers of the Corporation, including the Executive Director, shall be such as the terms of their engagement call for or the board or president requires of them. The board may from time to time and subject to the Act, vary, add to or limit the powers and duties of any officer.

The officers so appointed may, but need not be, directors and one person may hold more than one office, save that the president may not hold the office of secretary.

28. Variation of Duties

From time to time the board may vary, add to or limit the powers and duties of any officer.

29. Vacancy in office

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

- i. the officer's successor being appointed,
- ii. the officer's resignation,
- iii. such officer ceasing to be a director (if a necessary qualification of appointment) or such officer's death.

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

30. Agents and Attorneys

Subject to the provisions of the Act and the by-laws of the Corporation, the board shall have power to appoint, from time to time, agents or attorneys for the Corporation in or out of Canada with such powers of management or otherwise and such duties as the board considers necessary

or desirable in order to further the objects of the Corporation.

31. Fidelity Bonds

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish surety bonds for the faithful discharge of their respective duties, in such form, in such amount, and with such surety as the board may from time to time prescribe. The expense of such bond shall be borne by the Corporation.

32. Resignation

Any officer may resign from such office by delivering a written resignation to the board.

Protection of Directors, Honourary Directors and Officers

33. Limitation of Liability

Except as otherwise provided in the Act, no individual referred to in section 35 herein will be liable for any loss, cost, damage, expense or other misfortune incurred or suffered by the Corporation, unless it results through his or her failure, when exercising the powers and discharging the duties of his or her office, to act honestly and in good faith with a view to the best interests of the Corporation, or to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

34. Indemnity

Subject to the Act, the Corporation will indemnify a director or officer of the Corporation, a former director or officer of the Corporation, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and his or her heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal, administrative, investigative or other proceeding in which he or she is involved because of his or her association with the Corporation or other entity if:

- i. he or she acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which he or she acted as a director or officer or in a similar capacity at the Corporation's request; and
- ii. in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

The right to indemnity provided in this section 35 will include the right to the advance of moneys from the Corporation for the costs, charges and expenses of an action or proceeding referred to above, which moneys must be repaid if the individual to whom they were advanced has not fulfilled the conditions set out in section 35.i above. The Corporation will also indemnify the persons listed above in any other circumstances that the Act permits or requires. Nothing in this regulation will limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of the by-laws and this regulation of the Corporation.

Public accountant

35. Appointment and Remuneration of a Public Accountant

Unless the Corporation meets the requirements of subsection 182(1) of the Act for a given year and a resolution has been passed by all the members entitled to vote at an annual meeting not to appoint a public accountant, pursuant to subsection 181(1) of the Act, the members shall at each

annual meeting appoint a public accountant to prepare the financial documents and reports required by the Act and to hold office until the next annual meeting, provided that the directors may fill any casual vacancy in the office of the public accountant. The public accountant shall present a report to the members concerning the accounts of the Corporation at the following annual meeting. The remuneration of the public accountant shall be fixed by the board.

36. Qualification of the Public Accountant

Pursuant to subsection 180(1) of the Act, any person appointed as the public accountant must meet the following requirements:

- i. be a member in good standing of an institute or association of accountants incorporated by or under an act of the legislature of a province;
- ii. meet any qualifications required under an enactment of the Province of Ontario for performing any duty that the person is required to perform under sections 188 to 191 of the Act; and
- iii. subject to subsection 180(6) of the Act, be independent of the Corporation, its affiliates, or the directors or officers of the Corporation or its affiliates as that term is understood for the purpose of subsection 180(2) of the Act. In particular, neither the public accountant nor a business partner of the public accountant may:
 - a) be a business partner, director, officer or employee of the Corporation or any of its affiliates or a business partner of any director, officer or employee of the Corporation or any of its affiliates;
 - b) beneficially own or control, directly or indirectly, a material interest in the debt obligations of the Corporation or any of its affiliates; or
 - c) have been a receiver, receiver-manager, liquidator or trustee in bankruptcy of the Corporation or any of its affiliates within two years preceding such person's proposed appointment as public accountant of the Corporation.

Notices

37. Method of Giving any Notice

Any notice (which term includes any communication or document), other than notice of a meeting of members, to be given (which term includes sent, delivered or served) pursuant to the Act, the articles, the by-laws or otherwise to a member, director, officer or member of a committee of the board or to the public accountant shall be sufficiently given:

- i. if delivered personally to the person to whom it is to be given or if delivered to such person's address as shown in the records of the Corporation or in the case of notice to a director to the latest address as shown in the last notice that was sent by the Corporation in accordance with section 128 (Notice of directors) or 134 (Notice of change of directors);
- ii. if mailed to such person at such person's recorded address by prepaid ordinary mail;
- iii. if sent to such person by telephonic, electronic or other communication facility at such person's recorded address for that purpose; or
- iv. if provided in the form of an electronic document in accordance with Part 17 of the Act.

A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Executive Director may change or cause to be changed the recorded address of any member, director, officer, public accountant or member of a committee of the board in accordance with any information believed by the Executive Director to be reliable. The declaration by the Executive Director that notice has been given pursuant to this by-law shall be sufficient and conclusive evidence of the giving of such notice. The signature of any director or officer of the Corporation to

any notice or other document to be given by the Corporation may be written, stamped, type-written or printed or partly written, stamped, type-written or printed.

38. Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

Mediation and Arbitration

39. Mediation and arbitration

Disputes or controversies among members, directors, officers, committee members, or volunteers of the Corporation are as much as possible to be resolved in accordance with mediation and/or arbitration as provided in section 42 of this regulation. This does not replace the procedure for discipline of members provided in section 9 of By-law No. 1.

40. Dispute Resolution Mechanism

In the event that a dispute or controversy among members, directors, officers, committee members or volunteers of the Corporation arising out of or related to the articles, by-laws, regulations or out of any aspect of the operations of the Corporation is not resolved in private meetings between the parties then without prejudice to or in any other way derogating from the rights of the members, directors, officers, committee members, employees or volunteers of the Corporation as set out in the articles, by-laws or the Act, and as an alternative to such person instituting a law suit or legal action, such dispute or controversy shall be settled by a process of dispute resolution as follows:

1. The dispute or controversy shall first be submitted to a panel of mediators whereby the one party appoints one mediator, the other party (or if applicable the board of the Corporation) appoints one mediator, and the two mediators so appointed jointly appoint a third mediator. The three mediators will then meet with the parties in question in an attempt to mediate a resolution between the parties.
2. The number of mediators may be reduced from three to one or two upon agreement of the parties.
3. If the parties are not successful in resolving the dispute through mediation, then the parties agree that the dispute shall be settled by arbitration before a single arbitrator, who shall not be any one of the mediators referred to above, in accordance with the provincial or territorial legislation governing domestic arbitrations in force in the province or territory where the registered office of the Corporation is situated or as otherwise agreed upon by the parties to the dispute. The parties agree that all proceedings relating to arbitration shall be kept confidential and there shall be no disclosure of any kind. The decision of the arbitrator shall be final and binding and shall not be subject to appeal on a question of fact, law or mixed fact and law.

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