

ARTICLES OF ASSOCIATION OF McKENZIE TOWNE COUNCIL

1. The Articles of Association contained in Table "A" in the Schedule to the Companies Act (Alberta) do not apply to this Company.

INTERPRETATION

2. The headings used throughout these Articles shall not affect the construction hereof. In these Articles and the Memorandum of Association of this Company, unless the context otherwise requires, expressions defined in the Companies Act (Alberta) or any statutory amendment or modification thereof, shall have the meaning so defined, and the following terms shall have the following meanings:

- (a) **"Assessment"** means the annual rent charge assessed by the Company for its Commercial Members, Homeowner Members, Rental Members and Other Members, including any interest or service charges on arrears, as more particularly described in these Articles;
- (b) **"City"** means The City of Calgary;
- (c) **"Commercial Member"** means the registered owner or one of the registered owners (as designated by those registered owners) of a commercial development located within the McKenzie Towne Lands;
- (d) **"Commercial Tenant Member"** means:
 - (i) a tenant renting space and carrying on business in a commercial development in the McKenzie Towne Lands that is owned by a Commercial Member in accordance with these Articles, and
 - (ii) one individual designated (by notice in writing to the Company) by the foregoing tenant, and that individual's parents, spouse (whether legally married or not), children, children's spouses (whether legally married or not), if any, and grandchildren, provided that the foregoing parents, spouses, children, and grandchildren reside with the designated individual,but does not include the employees of the foregoing tenant (with the sole exception of the foregoing designated individual);
- (e) **"Companies Act (Alberta)"** means the Companies Act, R.S.A. 2000, c.C-21, as amended or any substitution therefor from time to time;
- (f) **"Company"** means McKenzie Towne Council;
- (g) **"Directors"**, "Board" and "Board of Directors" means the directors of the Company for the time being;
- (h) **"Electronic Transactions Act (Alberta)"** means the Electronic Transactions Act, R.S.A. 2000, c. E-5.5, as amended or any substitution therefor from time to time;
- (i) **"Encumbrance"** means an instrument to secure the annual rent charge to be paid by the Commercial Members, the Homeowner Members, the Rental Members and the Other Members to the Company and registered or to be registered against the title to residential lands, commercial lands or Other Lands of persons in the McKenzie Towne Lands who are Commercial Members, Homeowner Members, Rental Members or Other Members, in favour of the Company, for the purpose of forming an enforceable encumbrance pursuant to the provisions of the Land Titles Act (Alberta);
- (j) **"Family Members"** means the parents of a Homeowner Member or Tenant Member, the spouse (whether legally married to or not) of a Homeowner Member or Tenant Member, the children of such Homeowner

Member or Tenant Member, the spouse (whether legally married or not), if any, of a child of a Homeowner Member or Tenant Member, and the grandchildren of a Homeowner Member or Tenant Member, in each case which parents, spouses, children and grandchildren are actually residing in the residential property of the Homeowner Member or Tenant Member;

- (k) **“Homeowner Member”** means the registered owner or one of the registered owners (as designated by those registered owners) of a substantially completed single family property, a condominium unit, or multi-family residential property in respect of which a separate certificate of title is issued for each unit (or, in each case, a single tenant residing in such property as designated by the registered owner or owners thereof) located in the McKenzie Towne Lands;
- (l) **“McKenzie Towne Amenities”** means certain public community lands and/or private amenity lands, in each case including the improvements thereon, such improvements as are listed in Exhibit 2 hereto, all of which will be situate within the McKenzie Towne Lands, and all or any of the equipment, chattels and assets used in connection therewith;
- (m) **“McKenzie Towne Lands”** means the residential subdivision lands in the southeast portion of the City of Calgary located east of Deerfoot Trail, west of 52nd Street S.E., north of Highway 22X and south of the South Trail Crossing property line, as outlined in Exhibit 1 hereto;
- (n) **“Member in Good Standing”** means a Resident who is entitled to vote at meetings of the Company, which shall be restricted to only Commercial Members, Homeowner Members, Rental Members and Other Members, who has complied with all requirements of membership, and who, as of the record date for the relevant meeting, is not in default of paying any sums due and payable to the Company, of which such person is a member, within thirty (30) days of the original demand for payment of any such sum;
- (o) **“month”** means calendar month;
- (p) **“office”** means the registered office of the Company for the time being;
- (q) **“Other Lands”** means
 - (i) the lands legally described as Plan 981 1365, Block 24, Lot 1, Excepting Thereout All Mines and Minerals (presently owned by the City of Calgary and operating as a Fire Hall);
 - (ii) the lands legally described as Plan 981 1365, Block 23, Lot 1, Excepting Thereout All Mines and Minerals (presently owned by the McKenzie Towne Baptist Church);
 - (iii) the lands legally described as Plan 011 1441, Block 45, Lot 15, Excepting Thereout All Mines and Minerals (presently owned by the Roman Catholic Bishop of the Diocese of Calgary); and
 - (iv) such other similar lands within the McKenzie Towne Lands as the Directors of the Company designate from time to time;
- (r) **“Other Member”** means a registered owner from time to time of any of the Other Lands;
- (s) **“Rental Member”** means the registered owner or one of the registered owners of a multi-family residential rental project located in the McKenzie Towne Lands;
- (t) **“Resident”** means a person for the time being entered in the register of members (Residents) of the Company and Residents means collectively all of them from time to time, inclusive of Commercial Members, Homeowner Members, Rental Members, Family Members, Tenant Members, Commercial Tenant Members, and Other Members;

- (u) **“Tenant Member”** means a tenant renting and actually residing in a multi-family rental project located in the McKenzie Towne Lands that is owned by a Rental Member in accordance with these Articles;
- (v) **“these presents”** means and includes these Articles of Association, and any modification or alteration thereof for the time being in force;
- (w) **“writing”** and **“written”** includes printing, typewriting, lithographing and other modes of representing or reproducing words in visible form which, without restricting the generality of the foregoing shall include telex, telecopy, telegram, and records (including signatures) in electronic form that fulfill the requirements of the Electronic Transactions Act (Alberta).

Words importing the singular number include the plural number and vice versa; words importing the masculine gender shall include the feminine and words importing persons shall include corporations and companies.

REGISTERED OFFICE

3. Subject to the provisions of the Companies Act (Alberta), the Company may, by ordinary resolution of the Directors change from time to time the place within the City of Calgary where the registered office of the Company is to be situated.

MEMBERS

4. Every person owning a single family or multi-family residential property (including a condominium unit or other residential unit in respect of which a separate certificate of title has been issued), or owning a commercial development, or owning Other Lands in the McKenzie Towne Lands, shall be required to be a member of the Company as long as such person so owns such residential property, commercial development or Other Lands, and shall forthwith cease to be a member (Resident) of the Company at any time such a residential property, commercial development or Other Lands in the McKenzie Towne Lands is not owned by such person; PROVIDED ALWAYS with reference to all properties located in the McKenzie Towne Lands:

- (a) Where there is more than one such owner of a property, there shall be only one person eligible to be a Member in Good Standing who shall be the person designated in writing as such by all the owners of said property. In the absence of such designation the first person named as owner in the Certificate of Title or as Purchaser in an Agreement for Sale, shall be the person eligible to be the Member in Good Standing;
- (b) Where a Commercial Member, Homeowner Member, Rental Member or Other Member owns more than one property (as evidenced by separate certificates of title) in the McKenzie Towne Lands, including condominium units, that Commercial Member, Homeowner Member, Rental Member or Other Member shall be entitled to one (1) vote for each such property owned by that Commercial Member, Homeowner Member, Rental Member or Other Member, provided that the Commercial Member, Homeowner Member, Rental Member or Other Member is a Member in Good Standing with respect to each such property;
- (c) Where a property in respect of which a separate certificate of title has been issued is occupied by a tenant such tenant may be designated, by notice in writing to the Company, by the otherwise designated Member in Good Standing pursuant to (a) above, as the Member in Good Standing by and instead of the owner(s) of such property;
- (d) Where a rental project is involved the registered owner or its designate, by notice in writing to the Company, shall be eligible to be the Member in Good Standing and notwithstanding how many Tenant Members are residing in the rental project, it shall have only one (1) vote;
- (e) All the tenants of a Rental Member’s rental project, and all the tenants of a Commercial Member’s commercial development, shall be Tenant Members and Commercial Tenant Members, respectively, in the

Company subject to them complying with the rules and regulations of the Company as well as any special rules and regulations put in place by the Board of Directors and dealing specifically with tenants of Rental Members or Commercial Members. The right to membership of a Tenant Member or Commercial Tenant Member shall automatically cease either at the same time that his Rental Member or Commercial Member ceases to be a Member in Good Standing or he ceases to be a tenant in the rental project or commercial development in question;

- (f) Where a commercial development is involved the registered owner, or its designate by notice in writing to the Company (including as contemplated by (c) above) shall be the Member in Good Standing and notwithstanding how many tenants are occupying the commercial development, it shall have only one (1) vote;
- (g) Where there is any difficulty or dispute in determining the person who is eligible to be the Member in Good Standing, the Directors in their absolute discretion may designate the person who is eligible to be the Member in Good Standing, the intention being that there be one Member in Good Standing from each residential unit in respect of which a separate certificate of title has been issued (including a condominium unit), or commercial development in the McKenzie Towne Lands;
- (h) A Resident cannot transfer membership in the Company because membership is appurtenant to ownership and residence as herein set out.

REGISTER OF MEMBERS

REGISTER OF HOMEOWNER MEMBERS

- 5. (a) A register of Homeowner Members in such form as the Board may approve shall be maintained in which shall be recorded the names and addresses of all Homeowner Members. The register shall be updated from time to time so that all Homeowner Members are listed in such register. Updates to such register may be made by the Board at any time and from time to time of its own volition or upon presentation to the Company of evidence acceptable to the Board. Upon being updated as aforesaid there may be charged a fee as set by the Board from time to time. Homeowner Members shall be responsible to notify the Company of any change of ownership or occupancy no later than ten (10) days after any such change of ownership.

REGISTER OF FAMILY MEMBERS

- (b) A register of Family Members shall be maintained in such form as the Board may approve, in which shall be recorded the names and addresses of all Family Members. The register shall be updated from time to time so that all Family Members are listed in such register. Such updates may be made by the Board at any time and from time to time of its own volition or upon presentation to the Company of evidence acceptable to the Board. Upon being updated as aforesaid there may be charged a fee as set by the Board from time to time.

REGISTER OF COMMERCIAL MEMBERS AND COMMERCIAL TENANT MEMBERS

- (c) A register of Commercial Members shall be maintained in such form as the Board may approve, in which shall be recorded the names and addresses of all Commercial Members and their tenants who by properly complying with the requirements of membership become Commercial Tenant Members. Commercial Members shall advise the Company of any changes that may give rise to any updates to the register within ten (10) days of any change of ownership of the commercial development owned by the Commercial Member or within ten (10) days of any Commercial Tenant Member ceasing to be a tenant of the Commercial Member. The register shall be updated from time to time so that all Commercial Members and their Commercial Tenant Members are listed in such register. Such updates may be made by the Board at

any time and from time to time of its own volition or upon presentation to the Company of evidence acceptable to the Board. Upon being updated as aforesaid there may be charged a fee as set by the Board from time to time.

REGISTER OF RENTAL MEMBERS AND TENANT MEMBERS

- (d) A register of Rental Members and Tenant Members shall be maintained in such form as the Board may approve, in which shall be recorded the names and addresses of all Rental Members and their tenants who by properly complying with the requirements of membership become Tenant Members. Rental Members shall advise the Company of any changes that may give rise to any updates to the register within ten (10) days of any change of ownership of the multi-family residential rental project owned by the Rental Member or within ten (10) days of any Tenant Member ceasing to be a tenant of the Rental Member. The register shall be updated from time to time so that all Rental Members and Tenant Members are listed in such register. Updates to such register may be made by the Board at any time and from time to time of its own volition or upon presentation to the Company of evidence acceptable to the Board. Upon an update being made as aforesaid there may be charged a fee as set by the Board from time to time.

REGISTER OF OTHER MEMBERS

- (e) A register of Other Members shall be maintained in such form as the Board may approve, in which shall be recorded the names and addresses of all Other Members. The register shall be updated from time to time so that all Other Members are listed in such register. Such updates may be made by the Board at any time and from time to time of its own volition or upon presentation to the Company of evidence acceptable to the Board. Upon being updated as aforesaid there may be charged a fee as set by the Board from time to time.

MEMBERSHIP CARDS

6. Every Resident may be periodically issued a membership card as determined by the Directors. The membership cards shall remain the property of the Company. If a membership card is lost it shall be replaced by the Company, provided however that there may be charged a fee as set by the Board from time to time as a condition to delivery of such replacement membership card.

RIGHTS AND RESPONSIBILITIES OF ALL MEMBERS

7. Residents shall have access to and be entitled to the use of the Company's McKenzie Towne Amenities in common with all other Residents subject to automatic suspension of such rights:

- (a) for breach of any Rule or Regulation for the conduct of Residents;
- (b) In the case of those Residents who are Commercial Members, Homeowner Members, Rental Members or Other Members, for default in payment of any Assessments, annual rent charge, fees, dues, deposits or other sum owing to the Company by that Commercial Member, Homeowner Member, Rental Member or Other Member;
- (c) In the case of those Residents who are Tenant Members or Family Members, for default in payment of any Assessments, annual rent charge, fees, dues, deposits or other sum owing to the Company by the Homeowner Member or Rental Member through which the Tenant Member or Family Member derived its status as a Resident; and
- (d) In the case of those Residents who are Commercial Tenant Members, for default in payment of any Assessments, annual rent charge, fees, dues, deposits or other sum owing to the Company by the Commercial Member through which the Commercial Tenant Member derived its status as a Resident.

- (e) Residents shall at all times act responsibly with respect to the McKenzie Towne Amenities, it being recognized that the maintenance, operation and appearance of the McKenzie Towne Amenities is for the benefit of the Company and all its Residents.

GENERAL MEETINGS

8. The first annual general meeting of the Company shall be held at such time, within sixteen (16) months from the date on which the Company is incorporated. Subsequent annual general meetings shall be held at least once in every calendar year and not more than sixteen (16) months after the holding of the last preceding general meeting, at such time and place as may be determined by the Directors.

9. The general meetings referred to in the preceding clause shall be called "annual general meetings", and any other general meeting of the Company shall be called "special general meetings." All general meetings shall be held where the Directors determine in the City of Calgary, in the Province of Alberta;

- (a) No Family Members or Tenant Members shall be entitled to notice of any general meetings of the Company; and
- (b) Only Members in Good Standing shall be entitled to attend, vote on, or propose, or second resolutions at any general meeting.

10. The Directors may, whenever they think fit, proceed to convene a special general meeting of the Company.

11. Where it is proposed to pass a special resolution, such notice as is required to be given by the Companies Act (Alberta), and in all other cases at least ten (10) days' notice (calculated in the manner specified in Article 76) specifying the day, hour and place of every meeting of Members in Good Standing, and in case of special business the general nature of such business, shall be served in one of the manners hereinafter provided on the Residents (except Tenant Member and Family Members) registered in the members' register at the time such notice is served or if a record date has been fixed by the Directors, on the Residents (except Tenant Members and Family Members) registered in the register of members (Residents) at the record date as so fixed; PROVIDED ALWAYS that a meeting of the Members in Good Standing may be held for any purpose, at any time and at any place without notice, if all the Members in Good Standing entitled to notice of such meeting are present in person or represented thereat by proxy or if the absent Members in Good Standing shall have signified their assent in writing to such meeting being held. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any Members in Good Standing or the duly appointed proxies of the Members in Good Standing. It shall not be necessary to give notice of any adjourned meeting.

12. Irregularities in the notice of any general meeting or in the giving thereof or the accidental omission to give notice of any meeting or the non-receipt of any notice by any Resident or Residents (excluding Tenant Members and Family Members), shall not invalidate any resolution passed or any proceedings taken at any general meeting and shall not prevent the holding of such meeting.

PROCEEDINGS AT GENERAL MEETINGS

13. All business shall be deemed special that is transacted at a special general meeting. All business shall be deemed special that is transacted at an annual general meeting, with the exception of consideration of the financial statements and the ordinary report of the Directors, auditors, and other officers, the election of Directors, the appointment of auditors, the fixing of the remuneration of the auditors and the transaction of any business which under these presents ought to be transacted at a general meeting. Special business or a special resolution may be passed at an annual general meeting provided the requisite notice has been given.

14. No business shall be transacted at any general meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, the lesser of fifty (50) Members in Good Standing or ten percent (10%) of the Members in Good Standing, either personally present or represented by proxy shall be a quorum.

15. The president, or in his absence the vice-president (if any), shall be entitled to be the chairman at every general meeting, or if there be no president or vice-president, or if at any meeting he shall not be present within fifteen (15) minutes after the time appointed for holding such meeting, the Members in Good Standing present shall choose another Director as chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the Members in Good Standing present shall choose one of their number to be chairman. The chairman at any general meeting may appoint one or more persons who are Members in Good Standing to act as a scrutineer.

16. If within thirty (30) minutes from the time appointed for the meeting a quorum (as described in article 14) is not present, the meeting shall stand adjourned to the same time and place seven (7) days hence, and if at such adjourned meeting a quorum is not present, the Members in Good Standing personally present or represented by proxy shall be a quorum.

17. Every question submitted to a general meeting shall be decided in the first instance by a show of hands or otherwise as the chairman may direct and in the case of an equality of votes the chairman shall, both on a show of hands or otherwise, have a casting vote in addition to the vote to which he may be entitled as a Member in Good Standing.

18. At any general meeting, unless a poll is demanded by the chairman or by ten percent (10%) of the Members in Good Standing present, or their proxies, a declaration by the chairman that a resolution has been carried or carried by a particular majority, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact, without proof, of the number or proportion of the votes recorded in favour of or against such resolution.

- (a) If a poll is demanded as aforesaid, it shall be taken in such manner and at such time and place as the chairman of the meeting directs either at once or after an interval or adjournment or otherwise. The demand for a poll may be withdrawn.

19. The chairman of a general meeting may, with the consent of the meeting, adjourn the same from time to time and from place to place, provided no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

20. On a show of hands, every Member in Good Standing present in person, including the proxy or representative of a Member in Good Standing, shall be entitled to the number of votes allocated to that Member in Good Standing pursuant to the provisions hereof.

21. Votes may be given either personally or by a nominee appointed by a proxy.

22. A proxy shall be in writing in any effectual form under the hand of a Member in Good Standing and need not be attested. A person appointed proxy must be a Member in Good Standing.

23. No proxy shall be valid after the expiration of twelve (12) months from the date of its execution unless it is otherwise specified in the instrument.

24. The proxy shall be deposited at the registered office of the Company or such other place as may be specified in the notice of meeting and at a time as the Directors may by resolution fix, such time not to exceed two (2) business days, before the time for holding the meeting at which the proxy is to be used. If there is any default in this procedure for the deposit of such proxy it shall not be treated as valid.

25. A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy with respect to which the vote is given, provided no intimation in writing of the death or revocation shall have been received before the meeting at the place where the proxies are to be deposited.

26. No Commercial Member, Homeowner Member, Rental Member or Other Member shall be entitled to be present or to vote on any question, either personally or by a nominee appointed by a proxy, or as the nominee appointed by a proxy for another Commercial Member, Homeowner Member, Rental Member or Other Member at any general meeting, or

upon a poll, or to be reckoned in a quorum unless such Commercial Member, Homeowner Member, Rental Member or Other Member is a Member in Good Standing.

BORROWING POWERS

27. The Directors may from time to time at their discretion raise or borrow money from any person or institution for the purposes of the Company's business in a total outstanding aggregate amount not exceeding TWO HUNDRED THOUSAND DOLLARS (\$200,000.00) at any one time.

DIRECTORS

28. The number of Directors shall be not less than five (5) or more than twenty-four (24). Subject to the foregoing, the number of Directors to be elected at large at any annual general meeting of Members shall be that number as determined by a majority vote of the Members.

29. The Directors shall have power from time to time and at any time, to appoint any other person or persons as Directors, to fill a casual vacancy or vacancies to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. The Board of Directors may at any time remove any such appointee from the Board.

30. A Director must be a Member in Good Standing or a spouse of a Member in Good Standing.

31. The Directors shall not be paid out of the funds of the Company by way of remuneration for their services as Directors.

32. A Director may retire from office upon giving five (5) days' notice in writing to the Company of his intention to do so, and such resignation shall take effect upon the expiration of such notice or its earlier acceptance.

33. The office of a Director shall ipso facto be vacated:

- (a) If he is found a lunatic or becomes of unsound mind;
- (b) If by notice in writing to the Company he resigns his office upon the time hereinbefore fixed for the resignation to take effect or the previous acceptance of the same;
- (c) If he be removed by resolution of the Company, as hereinafter provided; or,
- (d) If he be convicted of an indictable offence.

34. A Director shall not be disqualified solely by his office as a Director from holding any other office with the Company and from contracting with the Company either as a vendor, purchaser or otherwise howsoever.

35. Every Director and Officer of the Company in exercising the Director's or Officer's powers and discharging the Directors or Officer's duties shall:

- (a) Act honestly and in good faith with a view to the best interests of the Company; and
- (b) Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

36. At the first annual general meeting and at every succeeding annual general meeting, all of the Directors, howsoever appointed or elected, shall retire from office. A retiring Director shall retain office until the dissolution of the meeting at which his successor is elected. If at any general meeting at which an election of Directors ought to take place, no such

election takes place, the retiring Directors shall continue in office until the annual general meeting in the next year, and so on from year to year until their places are filled up, unless it shall be determined at such meeting to reduce the number of Directors.

37. A retiring Director shall be eligible for re-election.

38. The Company at every annual general meeting shall fill up the vacated offices by electing a like number of persons to be Directors, or in case any change in the number of Directors is made at any such meeting, by electing the number of persons to be Directors as required by these Articles.

39. The Company may, by special resolution, at any time remove any or all of the Directors before the expiration of his or their period of office and by ordinary resolution appoint another or other qualified person or persons in his or their stead; and the person or persons so appointed shall hold office during such time only as the Director or Directors in whose place he is or they are appointed would have held the same if he or they had not been removed.

40. A Director will be deemed to have resigned if he or she is absent, without permission from the Board, from three (3) consecutive Board meetings or from four (4) or more Board meetings in any twelve (12) month period. Permission must be sought from the Board of Directors for the meeting in question and voted upon.

REGISTER OF DIRECTORS AND OFFICERS

41. The Directors shall duly comply with the provisions of the Companies Act (Alberta), or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the keeping of the registers of the Directors and officers and their addresses and occupations, the signing of the balance sheet, the filing with the Registrar of Corporations an annual report and copies of special and other resolutions and of any change in the registered office or of Directors and, where applicable, the mailing of a form of proxy and the issuing of information circulars.

MEETINGS OF THE BOARD OF DIRECTORS

42. The Board of Directors will meet together from time to time for the dispatch of Company business (a "Board Meeting").

43. A Board Meeting at which a quorum of Directors is present (as described in Article 44 herein) shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally.

44. The Board may declare the quorum necessary for the transaction of Company business provided a minimum of five (5), or one-half of the Directors elected or appointed (rounded down), be declared quorum.

45. Subject to the provisions of Article 46, Board Meetings shall be held in the City of Calgary, in the Province of Alberta. The Directors may make regulations in regard to the manner and time that notice shall be given of such meetings. Until such regulations are made, Board Meetings may be held at any time without formal notice if all the Directors are present or those absent have signified their consent in writing to the meeting being held in their absence; and notice of any meeting where notice has not been dispensed with, delivered, mailed, telegraphed, or telecopied or sent by electronic means if permitted by law to each Director at his ordinary address one (1) day prior to such meeting, shall be sufficient notice of any Board Meeting.

Notice of any Board Meeting, or irregularity in any meeting or in the notice thereof, may be waived by any Director. The Directors may by ordinary resolution appoint a regular time and place for meetings, and no further or other notice of such time and place than the entry of such resolution upon the minutes of the meeting at which it was passed shall be necessary. Immediately upon the conclusion of the annual general meeting a meeting of the Directors shall be held and no notice of such meeting shall be necessary.

46. Any Director may participate in a Board Meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and a Director participating in any meeting pursuant to this article shall be deemed to be present in person at that meeting and the meeting shall be deemed to have been held at such place in Canada as the Directors may from time to time determine.
47. The president (as described in Articles 62 and 63 herein) may at any time convene a Board Meeting. At any time, upon the written request of not less than twenty-five (25%) percent of the Directors, the secretary (as described in Articles 62 and 63 herein) shall convene a Board Meeting.
48. Questions arising at any meeting of Directors shall be decided by a majority of votes, and in case of an equality of votes, the chairman shall not have a second or casting vote.
49. The continuing Directors may act notwithstanding any vacancy in their number; but if and so long as their number is reduced below the number fixed by or pursuant to the Articles of the Company as the necessary quorum of Directors, the continuing Directors may act only for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company, but for no other purpose.
50. The Directors may approach one of their number to be chairman of the Board of Directors, and in the absence of such appointment the president for the time being of the Company shall be chairman of the Board. If the chairman is not present at any Board Meeting at the time appointed for holding the same, the Directors present shall choose one of their number to be chairman of such meeting.
51. Only Members in Good Standing may attend Board Meetings. The ability to vote at such a meeting is limited to Directors.
52. An ordinary resolution in writing, signed by all the Directors, including electronic signatures fulfilling the requirements of the Electronic Transactions Act (Alberta), without their meeting together, (which may be executed in several counterparts) shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, and shall be held to relate back to any date therein stated to be the effective date thereof.
53. All acts done at any Board Meeting, or of a committee of the Board of Directors or any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

COMMITTEES

54. The Board of Directors may delegate any of their powers to committees consisting of such one or more Directors as they think fit and may from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations from time to time imposed upon it by the Board and that committee's Terms of Reference.
55. Within seven (7) days following each Annual General Meeting the Board will establish:
- (a) An Executive committee, chaired by the Company's president and comprising its vice-president, secretary and treasurer; and,
 - (b) A Finance & Human Resources committee which will be chaired by the Company's treasurer.
56. A committee's membership may be comprised of Members of Good Standing who are not Directors.
57. Chairs of any committee will be determined by that committee's members and must be a Director.

58. Terms of reference will be developed to guide the work of the committee and must be approved by the Board of Directors.

59. The meetings and proceedings of any such committee consisting of two (2) Directors shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, including the appointment of a quorum, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the preceding clause.

MINUTES

60. The Directors shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all appointments of officers;
- (b) of the names of Directors present at each meeting of the Directors and of any committee of Directors;
- (c) of all resolutions made by the Directors and committees of Directors; and
- (d) of all resolutions and proceedings of general meetings;
- (e) and any such minutes of any meetings of the Directors or of any committee of Directors, or of the Company, if purporting to be signed by the chairman of such meeting, or by the chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minutes.

POWERS OF DIRECTORS

61. The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by statute expressly directed or required to be exercised or done by the Members in Good Standing in general meeting; and without restricting the generality of the foregoing the Directors shall exercise general supervision of the affairs of the Company and may from time to time make rules and regulations in relation to the Company, and may at any time in like manner annul or vary any rules and regulations so made, and all rules and regulations so made and for the time being in force shall be binding on the Residents, and shall have full effect accordingly; and without limiting the generality of the foregoing it is expressly declared that the following shall be deemed to be included as rules and regulations in relation to the Company within the meaning of this clause, that is to say, regulations:

- (a) As to proof required from persons claiming to be eligible to be Homeowner Members, Family Members, Rental Members, Commercial Members and Tenant Members;
- (b) As to the Assessments to be payable by the Commercial Members, Homeowner Members, Rental Members and Other Members, including whether same will be payable annually, quarterly or otherwise and the amounts thereof;
- (c) As to visitors and guests;
- (d) As to the manner in which use of the McKenzie Towne Amenities by Residents may be suspended or terminated;
- (e) As to the use of the McKenzie Towne Amenities by Residents (subject to article 7); and

- (f) As to committees of Members In Good Standing in connection with the management of the Company, and as to the appointment, removal, qualification, disqualification, duties, functions, powers and privileges of members of such committees.

OFFICERS

62. The officers of the Company shall consist of a president, a vice-president, a secretary and a treasurer. No one person may fill more than one of the above offices. Such persons holding such offices, besides fulfilling any duties assigned to them by the Directors, shall have such powers as are usually incidental to such offices.
63. The officers of the Company shall be elected by the Board from amongst their number at the first meeting following the AGM and will serve in such capacity until the next Annual General Meeting or for thirteen (13) months, whichever is less. The Directors may appoint a temporary substitute for any of the above officers, who shall for the purposes of these presents be deemed to be the officer for the position he occupies.
64. The Board of Directors may remove any officer by ordinary resolution.
65. Any officer of the Company shall be entitled to attend any meeting of Members in Good Standing.
66. A Director is eligible to serve as president of the Company for a maximum of three (3) consecutive annual terms.

SEAL

67. The Company shall have a corporate seal which shall be of such form and device as may be adopted by the Directors, and the Directors may make such provisions as they see fit with respect to the affixing of the said seal and the appointment of a Director or Directors or other persons, to attest by their signatures that such seal was duly affixed.

NO DIVIDENDS

68. As the Company is formed solely for the purposes of promoting recreation and social communication amongst and for its members (Residents) and it is the intention of the Company to apply the profits, if any, or any other income of the Company in promoting its objects and as the Company is not formed with gain for its object, no dividend whatsoever and no part of the income of the Company shall be divided among, payable to or be available for the personal benefit of any of the members (Residents) of the Company.

RESERVES AND FUNDS

69. The Directors may budget for and may set aside any of the profits of the Company to create a reserve or reserves to provide for maintaining the property of the Company, replacing wasting assets, meeting contingencies, forming an insurance reserve or for any other purposes whatsoever for which the profits or revenues of the Company may be lawfully used. The Directors may also carry forward to the accounts of the succeeding year or years any profit or balance of profit which they shall not think fit to place in such reserve.
70. The Directors may create a fund or funds out of the assets of the Company not greater in amount than the reserve or reserves as hereinbefore provided for and may apply the fund or funds either by employing them in the business of the Company or investing them in such manner as they shall think fit, and the income arising from such fund or funds shall be treated as part of the profits of the Company for the year in which such income arose. Such funds may be applied for the purpose of maintaining the property of the Company, replacing wasting assets, meeting contingencies, forming an insurance fund or for any other purpose for which the profits of the Company may lawfully be used.
71. The Directors may from time to time increase, reduce or abolish any reserve or fund in whole or in part and may transfer the whole or any part to surplus.

OPERATING COSTS OF COMPANY

72. The Directors shall implement a procedure to monitor and to determine the costs of operating the Company and the McKenzie Towne Amenities, and, without limitation, shall prepare for each fiscal year a detailed operating budget for the Company.

73. Not later than thirty (30) days prior to the commencement of each fiscal year of the Company, the Directors shall determine the amount of these costs and all anticipated revenue, if any, and prepare a detailed operating budget for that ensuing fiscal year. The Directors shall then determine the assessment rate for Homeowner Members, Rental Members, Commercial Members and Other Members, in accordance with the following provisions, and calculate the Homeowner Members', Rental Members', Commercial Members' and Other Members' Assessments for the ensuing year, in accordance with the following provisions, so as to enable the Company to collect such Assessments for such fiscal year pursuant to the Encumbrances:

- (a) each Homeowner Member's Assessment for each residential unit, including a condominium unit, shall be the same. Until there is a separate condominium unit title, Assessments with respect to condominium units will be calculated on the basis of the number of units constructed (in the case of a completed condominium development) or on the basis of the number of condominium units expected by the Company to be constructed (in every other case);
- (b) the Assessment for each Rental Member shall be equal to the Assessment for each Homeowner Member multiplied by the number of units constructed (or if not yet constructed, then the number of units expected by the Company to be constructed) in that Rental Member's rental project. Tenant Members will not be required to pay a separate assessment;
- (c) the Assessment for each Commercial Member shall be equal to the Assessment for each Homeowner Member's residential unit, for each one fifteenth (1/15th) of an acre of developable commercial land in that Commercial Member's commercial site or as detailed on each Commercial Member's property Encumbrance on title; and
- (d) the Assessment for each Other Member shall be no more than \$150.00 adjusted for inflation (commencing from the 1st day of January, 1995) as provided for in the Encumbrances on title.

74. The liability of each Commercial Member, Homeowner Member, Rental Member and Other Member to pay the Assessment shall commence on the following dates:

- (a) in the case of a Homeowner Member that owns a single family property or a multi-family residential property in respect of which a separate certificate of title is issued for each unit, on the date of occupancy;
- (b) in the case of a Homeowner Member that owns a condominium unit or the site of a future condominium development, on the date that the Homeowner Member becomes a member of the Company; and
- (c) in the case of a Commercial Member, Rental Member or Other Member, on the date that the Commercial Member, Rental Member or Other Member becomes a member of the Company.

75. If the Assessments for the Commercial Members, the Homeowner Members, the Rental Members and the Other Members, as aforesaid, which are actually received, together with the Company's other sources of revenue, if any, do not result in sufficient income to pay the costs of the Company, then the Directors shall increase its available cash in the following manner:

- (a) if necessary, they shall borrow (subject to article 27 herein) any funds required to meet the operating cash deficiency being experienced;

- (b) they shall present a full report on the operating cash deficiency to the next annual meeting of the Company together with their recommendations for increasing the income and/or reducing the expenses of the Company, including if so determined by the Directors increasing the annual rental charges to the Homeowner Members, the Rental Members, and the Commercial Members;
- (c) if they determine that addressing such deficiency should not await the next ensuing annual meeting, they shall call a special meeting of the Company to consider the matter and approve any borrowing over the limits in article 27;
- (d) any increase (except for the adjustment amount as provided for herein) in the Encumbrances must be approved by a majority of the votes cast by Members in Good Standing at a meeting of the Company and shall only be increased in the same ratio as the Encumbrances in existence at the time of the meeting;
- (e) all of the Members shall be bound by the decision of the Members in Good Standing passed in accordance with these Articles and the Homeowner Members, Rental Members and Commercial Members agree to the amendment of their Encumbrance in accordance with the decision of such meeting;
- (f) if any Encumbrance has been foreclosed off of the title to the lot of a Member or has otherwise been taken off such title or if pursuant to a meeting of the Members, it has been agreed to register a new Encumbrance or a caveat giving notice of the change, the Homeowner Member, Rental Member or Commercial Member agrees either to enter into any requested new Encumbrance to be registered against the title to his property or agrees to the filing of a caveat as referred to above and if he delays, fails, or refuses to complete the new Encumbrance the Company is hereby irrevocably appointed as his attorney on his behalf and for the Company's use and benefit, to sign and deliver such new Encumbrance in his place and stead.

Notwithstanding the foregoing or anything else in these Articles, the Directors shall cause the Company to execute and deliver an absolute postponement (in a form registrable under the Land Titles Act (Alberta)) of any Encumbrance in favour of a mortgage on a single family residential lot in the McKenzie Towne Lands, upon the Company receiving a written request therefor from the mortgagee or mortgagor under such mortgage, or from their respective legal representatives; PROVIDED THAT this requirement to postpone shall only apply if the mortgage has been granted or made pursuant to the National Housing Act (Canada) or any act passed or enacted in amendment thereof or substitution therefor, and if the request for a postponement is made by or on behalf of a Commercial Member, Homeowner Member, Rental Member or Other Member which is, at the time that such request is made, a Member in Good Standing.

ACCOUNTS

76. The Directors shall cause true accounts to be kept of the sums of money received and disbursed by the Company and the manner in respect of which said receipts and disbursements take place, of all sales and purchases by the Company and of the assets and liabilities of the Company and of all other transactions affecting the financial position of the Company.

77. The books of account and accounting records shall be kept at the registered office of the Company or, subject to the limitations of the Companies Act (Alberta) in this regard, at such other place or places as the Directors think fit, and shall be open to inspection of the Directors.

78. The Directors shall from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts and books of the Company, or any of them shall be open to the inspection of any of the Residents not being Directors, and none of the Residents (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Directors or by the Company in general meeting.

79. The Directors shall lay before each annual meeting of the Members in Good Standing financial statements and the report of the auditor to the Members in Good Standing thereon. The financial statements shall:

- (a) be approved by the Board of Directors and signed by two (2) of them;
- (b) be for a period that ended not more than six (6) months before the annual meeting;
- (c) be subject to the provisions of the Companies Act (Alberta) and contain a comparative statement (except in the case of the first statement) relating separately to the latest completed financial year preceding it; and
- (d) be made up of:
 - (i) a statement of profit and loss for each period,
 - (ii) a statement of surplus for each period,
 - (iii) subject to the provisions of the Companies Act (Alberta), a statement of source and application of funds for each period, and
 - (iv) a balance sheet as at the end of each period with each statement containing the information required by the Companies Act (Alberta) to be disclosed in such statements.

80. Subject to the provisions of the Companies Act (Alberta), a copy of the financial statements and a copy of the auditor's report shall be made available to each Member in Good Standing either by electronic means or physically at the Company's office (or by any other means as may be permitted by law), ten (10) days or more before the date of the annual meeting.

81. Subject to the provisions of the Companies Act (Alberta), a comparative six-month interim financial statement shall be made available upon request to any Member in Good Standing either by electronic means or physically at the Company's office, as required by the Companies Act (Alberta) (or by any other means as may be permitted by law).

NOTICES

82. Any notice may be served by the Company on any of the members (Residents) either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member (Resident) or by telegraphing it prepaid to such person at his address as the same appears in the books of the Company, or if no address is given therein, to the last address of such person known to the secretary. If no address is known to the secretary a notice posted up in the registered office of the Company shall be deemed to be well served on such person upon it being so posted up, and any notice sent by post shall be deemed to have been served on the day on which the envelope or wrapper containing the same is posted. With respect to every notice sent by post, it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and put into one of Canada Post Corporation's letter boxes.

83. Any notice or document delivered or sent by post or left at the address of any of the members (Residents) as the same appears on the books of the Company or posted in the registered office of the Company as hereinbefore provided shall, notwithstanding such person be then deceased and whether or not the Company has notice of his decease, be deemed to have been duly served until some other person is entered in his stead in the books of the Company as one of the members (Residents), and such service shall for all purposes be deemed a sufficient service of such notice or document on his heirs, executors or administrators and on all persons interested with any one of such members (Residents).

84. The signature on any notice to be given by the Company may be written, stamped, typewritten, printed or produced by such electronic means as may fulfill the requirements of the Electronic Transactions Act (Alberta) or otherwise be permitted by law, or partly written, stamped, typewritten or printed.

85. Where a given number of days notice or a notice extending over any other period is required to be given, the day of service of the notice and the day for which notice is given shall, unless it is otherwise provided, be counted in such number of days or other period.

86. A certificate of the secretary or other duly authorized officer of the Company in office at the time of the making of the certificate as to the facts in relation to the mailing or telegraphing or delivery or posting up of any notice to any member (Resident), Director or officer or publication of any notice, shall be prima facie evidence thereof and shall be binding on every one of the members (Residents), and a Director or officer of the Company, as the case may be.

87. It shall not be necessary for any notice to set out the nature of the business which is to come before a meeting of the Directors and it shall not be necessary for any notice to set out the business which is to come before a meeting of the Members in Good Standing unless the same is special business.

88. A special general meeting and the annual general meeting may be convened by one and the same notice, and it shall be no objection to the said notice that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

RECORD DATE

89. The Directors may fix a time in the future not exceeding thirty (30) days preceding the date of any meeting of Members in Good Standing as a record date for the determination of the Members in Good Standing entitled to notice of, and to vote at, any such meeting, and only the Members in Good Standing of record in the Register of Members at the close of business on that date so fixed shall be entitled to such notice of, and to vote at, such meeting, notwithstanding any change of Members in Good Standing on the register of members (Residents) after any such record date fixed as aforesaid.

INDEMNITY

90. Except as otherwise hereinafter provided, every Director and officer of the Company shall be indemnified by the Company against all losses and expenses which any such Director or officer shall incur or become liable to by reason of any contract entered into or act or thing done by him as such Director or officer, or in any way in the discharge of his duties.

91. Any person made a party to any action, suit or proceedings by reason of the fact that he, his testator or intestate, is or was a Director or officer of the Company, or of any corporation which is served by such Director or officer as such at the request of the Company, shall be indemnified by the Company against the reasonable expenses, including solicitor's fees, actually and necessarily incurred by him in connection with the defence of such action, suit or proceeding, or in connection with any appeal therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceedings that such Director or officer is liable for gross negligence or similar misconduct in the performance of his duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such Director or officer may be entitled. None of the provisions hereof shall be construed as a limitation upon the right of the Company to exercise its general power to enter into a contract or undertaking of indemnity with or for the benefit of any Director or officer in any proper case not provided for herein.

92. No Director or officer of the Company shall be liable for the acts, neglects or defaults of any other Director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for the loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happen through his own dishonesty, or unless it is otherwise provided in a contract of service with such Director or officer.

DATED at the City of Calgary, in the Province of Alberta, this 13th day of November, 2012.

EXHIBIT 1 - MCKENZIE TOWNE LANDS



 THE CITY OF CALGARY
PARKS

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McKenzie Towne
Optional Amenity Agreement
Schedule "B"

0 125 250 500 Meters

April 15, 2015
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EXHIBIT 2 - MCKENZIE TOWNE AMENITIES

The McKenzie Towne Amenities include, but are not limited to, the following:

- 1) A 1.5 acre landscaped park (including an entrance feature and electronic community message board) adjacent to the traffic circle at the intersection of McKenzie Towne Boulevard S.E. and Inverness Gate S.E. owned by the Company;
- 2) McKenzie Towne Hall, a community centre located at 40 McKenzie Towne Blvd. S.E., Calgary, Alberta; and
- 3) A mail pick up area within the Inverness Square commercial building for the exclusive use of the Company's members, as per the lease agreement with the building's owners, with access thereto also granted to Canada Post Corporation.
- 4) A clock located in the Inverness Square commercial building as detailed within the Clock Tower Lease with the building's owner(s).
- 5) Any other amenities that the Board of Directors may, at its sole discretion in its planning and development of the McKenzie Towne Lands, provide.

Enhanced Public Space Amenities

1. **Draw Bridge Park** - a public park owned by the City that includes - Rundle Draw Bridge Entrance Feature including Brickwork and Chains - (Elgin Village Phase 14) Park #340827.
2. **Trike Towne** - a public park owned by the City that includes - Stop sign (2), Traffic Circle signs (4) and Winding Path signs (2) - (Prestwick Trike Town) Park #340839.
3. **Butterfly Park** - a public park owned by the City that includes - Butterfly Sculpture, Decorative Boulder and Stone Plaque - (Prestwick Butterfly Park) Park #340829.
4. **Elgin Hill Park** - a public park owned by the City that includes - Stone Columns and Archways, Concrete Grade Beam, Rundle Stone Ruin Wall and Electrical/Lighting Components. Electrical Outlets in tree beds (12) and meter. (Elgin Village Phase 3) Park #340831.
5. **Inverness Square Park** - a public park owned by the City that includes - Inverness Square Gazebo, including all Electrical/Lighting Components located within Gazebo, Electrical Outlets in tree beds (24) and meter. (Prestwick Phase 1) Park #340800.
6. **Inuksuk Park** - a public park owned by the City that includes - Inuksuk's (4) - (Prestwick Phase 27) Park #340775.
7. **Pirate Ship Park** - a public park owned by the City that includes - Ornamental Wrought Iron Fence (266 linear feet @ 5 feet high), bollards (12) and chain (100 feet). (Prestwick Phase 16) Park #340778.
8. **Prestwick Common Park** - a public park owned by the City that includes - Ornamental Wrought Iron fence (200 linear feet @ different heights ranging from 4 to 9 feet high), arbours (3), entry stone columns (8 large; 2 small), Pole Lamps (6), Fountain, Fire Pit, Electrical/Lighting and Mechanical Components, Pump house. Electrical Outlets in tree beds (12), electrical, gas and water meter. - (Prestwick Common Phase 14) Park #340834.
9. **Promenade Park and Look Out Park** - a public park owned by the City that includes - Promenade Park/Look Out - Promenade Park Sign, Ornamental Iron Fence (144 linear feet of 5 feet high), Flagpoles (3),

Gazebo and Games Table, Horseshoe Pit, Shuffleboard and Electrical/Lighting components. Electrical meter. Look Out - Fenced marine style lights (8), electrical/lighting components and electrical meter. Railing that lights are mounted on. Park #340835.

10. **McKenzie Towne Traffic Circle** - a public area owned by the City that includes - Traffic Circle - Flagpoles (3), Flags, and Bollards (40). (Maintain irrigation water supply, spring and fall startup/shutdown, replace heads, timers, etc. Does not include maintenance of underground system). Water meter (located in park across the street). Park #340799.

11. **Prestwick Square Park** - a public park owned by the City that includes - Prestwick Square - Oblique/Marker stating "Prestwick Square", Electrical Outlets (2) and meter. Park #340810.

12. **Upper Prestwick Estates Park** - a public park owned by the City that includes - Upper Prestwick Estate - Rock Feature with "Upper Prestwick Estates" signage. Park #340819.

13. **130th Pathway** - a public pathway owned by the City that includes - 130th Pathway - Garbage Can - Park #340900 - "130th Pathway"

14. Numerous Oblique/Marker/Signage located within the community on City of Calgary medians and boulevards.

15. **Inverness Pond Park** - a public park owned by the City that includes - Ornamental Wrought Iron Fence (47 linear meters @ 1.2m high) (154 linear feet @ 4 foot high). Decorative bollards and chain (7). Elgin Village Phase 18 - Park MCT831.