

CAMPOBELLO ISLAND CLUB, INC

BY-LAW NO. 1

A By-law Relating Generally to the Conduct of the Affairs of
Campobello Island Club, Inc.

The Campobello Island Club, Inc. (hereinafter called the "company") was formed to 1) enforce the covenants created in 1986 on the lots in the Campobello Island Subdivision established by Larry E. Kuca and any additions, supplements and variations thereof; 2) maintain the Trustee Lands created in 1986 in the Campobello Island Subdivision established by Larry E. Kuca and any additions, supplements and variations thereof; and 3) ensure that the company is operating within the laws and statutes of Canada and New Brunswick.

Be it enacted and it is hereby enacted as a by-law of the company as follows:

Article I

Sec. 1 **Head Office:** The head office, as provided by the Letters Patent, shall be at Wilson's Beach, Campobello, Charlotte County, N.B. E5E XXX

Sec. 2 **Company Records:** The company records, as defined in the Letters Patent and the Companies Act, will be available for inspection at the head office by members and public officials authorized to oversee the activities of the company.

Information obtained from the company records shall not be used for anything other than company business. The register shall not be sold or otherwise transferred to any individual or commercial entity whose intent is to conduct mass or targeted mailings, telephone or e-mail solicitations or to otherwise subject the lot owners to unwanted correspondence. Violators of this policy are subject to prosecution under the Companies Act.

Article II

Sec. 1 **Annual Meeting:** The annual meeting of the company shall be held at the head office of the company or at such place as the Directors may determine at such time as the Board of Directors shall resolve, and at such meeting all business relating in any way to the affairs and purposes of the company may be transacted.

Sec. 2 **Special Meetings:** Special meetings of the members of the company may be called at any time by the President or by a majority of the Directors upon seven (7) days notice to each member, such notice to contain a statement of business to be transacted at such meeting.

The Board of Directors shall also in like manner call a special meeting of the members whenever so requested in writing by not less than ten (10) members. No business other than that specified in the call for the meeting shall be transacted at any special meeting of the members.

Sec. 3 **Notice:** Notice of the time and place of the annual meeting or any general meeting of the members of the company shall be given in writing by the Secretary by mailing same duly addressed to each member at his/her place of residence as shown in the company Register at least seven (7) days before such meeting.

Sec. 4 **Quorum:** The quorum for the transaction of business at meetings of Members shall consist of five (5) members present.

Sec. 5 **(1) Voting:** Each owner in good standing of a lot in the Campobello Island Subdivision Scheme established by Larry E. Kuca, Trustee, for the year 1986, and any additions, and variations thereof, shall be entitled to one vote. To be a member in good standing, payment of all dues and other encumbrances must have been made and no covenant violations can have been recorded with the Chairman of the Covenant Enforcement Committee. Members may vote by proxy, and in all instances, a proxy need not himself/herself be a member, but before voting must produce and deposit with the Secretary a sufficient appointment in writing from his/her appointer.

(2) Voting Procedure: At all meetings of the company every question shall be decided by a majority of the votes of the members present in person or represented by proxy unless otherwise required by the by-laws. Every question shall be decided in the first instance by a show of hands unless a poll is demanded by any member. Unless a poll is demanded, a declaration by the Chairman that a resolution has been carried or not carried and an entry to that effect in the minutes shall be sufficient evidence of the fact without proof of the number of proportion of the votes recorded in favour of or against such resolutions. In case of an equality of votes at any general meeting whether upon a show of hands or at a poll, the Chairman, whom is normally a non-voting member, is entitled to a casting vote.

Sec. 6 **Order of Business:** The order of business at all meetings of the members shall be as follows:

1. Taking of names of those present;
2. Proof of notice of meeting;
3. Reading of minutes of preceding meeting;
4. Reports of Officers;
5. Reports of Committees;
6. Unfinished business;
7. New business, and at the annual meeting or any general meeting when Officers or Directors are to be elected;
8. Election of inspectors of election;
9. Report of Nominating Committee;
10. Election of Officers and other Directors.

Sec. 7 **Adjournments:** The Chairman may, with the consent of the meeting, adjourn it from time to time and place to place whether a quorum be present or not, but no business shall be transacted at any adjourned meeting except the business left unfinished from which the adjournment took place.

Article III

DIRECTORS

Sec. 1 **(1) Number:** The affairs and business of this company shall be managed by a Board of Directors consisting of a maximum of nine (9) and a minimum of three (3). The President, Vice-President(s), Secretary and Treasurer shall automatically be Directors and such other Directors to a maximum of nine (9).

(2) Election: The Officers and Directors shall be elected at the annual general meeting of the company, One-third of the Board seats will be elected each year. With nine total seats; three plus any resignations will be up for election annually. If a resignation occurs during the year, the Board shall appoint a person to fill the position until the next annual meeting. At that time, a candidate will be elected to fill the incomplete term. Board members serve three-year terms. Approximately 60 days before the election, the Nomination Committee shall identify all candidates for the position of president. An individual could either nominate himself/herself or be nominated by another company member in good standing. Each candidate will prepare a statement of why he/she should be elected and what would be accomplished in his/her term. This statement (and any subsequent statements leading up to the election) will constitute a platform and a pledge to the membership by the candidate. When elected, this pledge will be the standard by which the membership measures the performance of the president and other officers. Through this platform, the membership will hold the president accountable for the actions and activities of the Board.

Once the person is elected to the presidency, he/she immediately nominates candidates for vice-president, treasurer and secretary. Each candidate will be voted up or down by the membership. If a candidate is voted down, the president-elect will nominate another candidate. The process will continue until all officer seats are filled. Such a procedure will ensure that the president has support on the Board to execute the agenda that he/she promised to the membership.

The election of directors to the Board shall follow a different procedure. The role of the directors is to bring diversity and alternate points of view to the Board. Directors may or may not share the views of the elected officers. They shall therefore be elected as individuals. While it is desirable for candidates aspiring to directorships articulate their positions on important issues before the company, their

nominations could be taken from the floor at the time of the election. The election may be by a show of hands unless a ballot is demanded.

(3) Re-Election: The Officers and Directors may be reelected for succeeding terms.

Sec. 2 **Nominating Committee:** The role of the Nomination Committee is to solicit candidates for vacancies on the Board; to ensure that those who are candidates are 1) legitimate lot owners in the company with full voting privileges; and 2) members in good standing in the company (their dues are fully paid and there are no outstanding liens or other restrictions imposed by the company); and to conduct the election at the annual meeting. No member of the Nomination Committee can be a candidate for a seat on the Board.

Sec. 3 **Removal:** The members of the company may, by resolution passed by at least two-thirds of the votes cast at a general meeting of which notice specifying the intention to pass such resolution has been given, remove any Officer or Director before the expiration of his term of office, and may, by a majority of votes cast at that meeting, elect any qualified person in his stead for the remainder of his term.

Sec. 4 **Increase in Number of Directors:** The number of Directors may be increased or decreased (but shall not be less than three (3)) at any time by the affirmative vote of a majority of the Directors (or by the affirmative vote of the membership) at a special meeting called for that purpose, and by like vote, the additional Directors may be chosen at such meeting to hold office until the next annual election or until their successors are elected.

Sec. 5 **Duties of Directors:** The Board of Directors of the company shall have the control and general management of the affairs and business of the company and shall from time to time fix the salaries and wages to be paid to any servant of the company. Such Directors shall in all cases act as a board, duly convened by a majority, and they may adopt such rules and regulations for the conduct of their meetings and the management of the company and may appoint such committees from among themselves and/or the general membership of the company as they may deem proper not inconsistent with these by-laws and the laws of the Province of New Brunswick.

Sec. 6 **Additional Director's Powers:**

- (a) To purchase or otherwise acquire for the company any property rights or privileges which the company is authorized to acquire;
- (b) To pay for any property purchased for the company either wholly or partially in moneys, stocks, bonds, debentures, or other securities of the company;
- (c) To remove any officer for cause or summarily without cause, and in their discretion, from time to time, to devolve the powers and duties of any officer upon any other person for the time being;
- (d) To appoint and remove, or suspend such subordinate officers, agents or factors as they may deem necessary and to determine their

duties and to fix and from time to time change their salaries or remuneration and to require security as and when they think fit;
 (e) To establish policies;
 (f) To appoint an Executive Director when deemed necessary and to ratify appointments and termination of all employees;
 (g) To formulate and review regularly personnel policies and practices;
 (h) To approve the budget and all expenditures;
 (i) To appoint committees where required or delegated by the President or resolution of the members and define their duties.

- Sec. 7** **Directors' Meetings:** Regular meetings of the board of Directors shall be held immediately following the annual meeting of the members and at such other times as the Board of Directors may determine. Special meetings of the Board of Directors may be called by the President at any time and shall be called by the President at the written request of two other directors. All meetings of the Board of Directors may be held at such place as the Directors or President may determine. The Directors may meet by conference telephone in respect to any corporate matter and actions so approved shall be valid. The Board of Directors may also approve actions via e-mail, provided that a record of such approved action is kept by the secretary, and these actions shall be valid.
- Sec. 8.** **Notice of Directors' Meetings:** No formal notice of meetings of the board of Directors shall be necessary but must be given to each Director personally or by letter, telephone or e-mail at least twenty-four (24) hours before the date and hour designated for the meeting. At any such meeting at which all the Directors shall be present, or of which the Directors not present have waived notice in writing, the giving of notice as above described may be dispensed with.
- Sec. 9** **Quorum:** At any meeting of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business.
- Sec. 10** **Voting:** At all meetings of the Board of Directors all questions shall be determined by a majority vote of the members of the Board of Directors present.
- Sec. 11** **Vacancies:** Whether any vacancies shall occur in the Board of Directors by death, resignation or otherwise, the same shall be filled when deemed appropriate by a majority vote by ballot, of the remaining members of the Board at a special meeting which shall be called for that purpose. The person so chosen shall hold office until the next annual meeting or until a successor shall have been elected at a special meeting called for that purpose.
- Sec. 12** **Remuneration:** The Directors shall not be paid any stated salary for their Services as Directors, but by resolution of the Board a fixed fee and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any Director from serving the company in any other capacity as an officer, agent or otherwise, and receiving compensation therefore.

Sec. 13 **Indemnification:** Every Director of the company is deemed to have assumed office on the express agreement and condition that he/she and his/her heirs, executors, administrators and estate and effects respectively shall from time to time and at all times be indemnified and saved harmless out of the funds of the company from and against all costs, charges and expenses which such director sustains or incurs in or about any action, suit or proceeding which is brought, commenced, or prosecuted against him/her for or in respect of any act, deed, matter or thing made, done or permitted by him/her or any other director or directors in or about the execution of the duties of his or their office, and also from and against all other costs, charges and expenses which he/she sustains or incurs in or about or in relation to the affairs thereof except such costs, charges or expenses as are occasioned by his/her own willful neglect or default.
by his/her own willful neglect or default.

Sec. 14 **Adjournment:** The Chairman may, with the consent of the meeting, adjourn it from time to time and place to place whether the quorum be present or not but no business shall be transacted at any adjourned meeting except the business left unfinished from which the adjournment took place.

Sec. 15 **Borrowing Powers:** The Directors of the company are hereby authorized from time to time:

(a) to borrow money upon the credit of the company in such amount and on such terms as may be deemed expedient by obtaining loans or advances or by way of overdraft or otherwise;

(b) to limit or increase the amount so borrowed;

(c) to issue bonds, debentures or other securities of the company and to pledge or sell the same;

(d) to hypothecate, mortgage or pledge the real or personal property of the company or both, to secure any such deeds, debentures or other securities and any money borrowed for the purposes of the company;

(e) to delegate to such officers or Directors of the company as the Directors may designate, all or any of the foregoing powers to such extent and in such manner as the Directors may determine.

ARTICLE IV

OFFICERS

Sec. 1 **Number and Qualifications:** The officers of this company shall be:

1. President;
2. Vice-President (one or more);

3. Secretary;
4. Treasurer;

and all members of the company in good standing shall be qualified to fill any one of such offices, and any two offices may be held by one member.

Sec. 2 **Duties of Officers:** The duties and powers of the officers of the company shall be as follows:

ss1. President: The President shall preside at all meetings of the Board of Directors and of members and act a Chairperson of the proceedings. He/She shall present at each annual general meeting of the members a report on the condition of the affairs of the company. He/She shall present a budget for the coming fiscal year at each annual general meeting for approval by the general membership. The budget shall be balanced with respect to income and outlays and shall identify any special assessments required of the membership. He/She shall cause to be called regular and special meetings of the members and Board of Directors in accordance with these by-laws.

He/She shall sign all deeds and other formal documents.

He/She shall see that the books, reports, statements and certificates required by law are properly made and kept and filed according to law.

He/She shall enforce the by-laws of the company and perform all the duties incident to his/her position and office or as required of him/her by the Board of Directors.

ss2. Vice-President: During the absence or inability of the President to render and perform his/her duties or exercise his powers as set forth in these by-laws, or in the Statutes under which this company is organized, the same shall be performed and exercised by the Vice-President, and when so acting he/she shall have all the power and be subject to all the responsibility hereby given to or imposed upon such President.

ss3. Secretary: The Secretary shall keep the minutes of the meetings of the Board of Directors and of the members in appropriate books.

He/She shall give and serve all notices of the company.

He/She shall be custodian of the records and of the seal and affix the latter as required.

He/She shall keep the company registry in the manner prescribed by law so as to show at any time the name and post office address of the members of the company, and shall keep such company register open at all times during business hours for the inspection of all members of the company and the Minister of Justice, or his representative.

He/She shall present to the Board of Directors at their meetings all communications addressed to him/her officially.

He/She shall attend to all correspondence and perform all the duties incident to the office of Secretary.

ss4. Treasurer: The Treasurer shall have the care and custody of, and be responsible for, all the funds and securities of the company and shall deposit all such funds in the name of the company in such bank or banks or safety deposit box as the Board of Directors or these by-laws may designate. He/She shall sign and make in the name of the company all cheques, warrants and orders for the payment of money, for deposit in the name of the company in the depository of the company.

He/She shall exhibit at all reasonable times his books of account to any member of the Board of Directors.

He/She shall render a statement of the finances of the company to the Board of Directors at such times as may be required by them and shall render a full financial report at the annual general meeting of the members of the company.

He/She shall keep correct books of account of all the business and transactions of the company and such other books of account as the Board of Directors may require. As a minimum, each transaction must be accompanied by the authorization from the Board to make the expenditure, the receipts associated with the expenditure and the names of the individuals or establishments receiving the payments. These books must be retained for seven years or until a successful audit has been performed by an auditor licensed to perform such work in the Province of New Brunswick.

He/She shall do and perform all other duties pertaining to the office of Treasurer.

Sec. 3 **Bond:** The Treasurer shall, if required by the Board of Directors, give to the company such security for the faithful discharge of his/her duties as the Board may direct.

Sec 4 **Vacancies:** A vacancy in any office shall be filled by a majority vote by ballot of the Directors of the company at a Board meeting or a special Board meeting called for that purpose. The person so chosen shall hold office until the next annual meeting of the members of the company.

ARTICLE V

SEAL

Sec. 1 **Seal:** The seal, a copy of which is impressed hereon, shall be the seal of the company.

ARTICLE VI

BILLS, CHEQUES, NOTES, ETC.

Sec. 1 **How Made:** All cheques and drafts of the company shall be made in the name of the company and shall be signed by any two of the President, Vice-President or Secretary-Treasurer. The officers so authorized to sign on behalf of the company both as to title and number may be changed from time to time by resolution of the Board of Directors.

All bills payable, notes or other negotiable instruments of the company shall be made in the name of the company and shall signed by the President and counter-signed by such officers as directed by resolution of the Board of Directors from time to time.

Cheques, drafts and promissory notes in favour of the company shall be endorsed in the name of the company and signed by the Treasurer and shall be for deposit only to the credit of the company in the depository of the company unless directed otherwise from time to time by resolution of the Board of Directors.

ARTICLE VII

BANK

Sec. 1 **Bank:** The depository of the company shall be the branch of the Charlotte County Credit Union, Limited, at Campobello, in the County of Charlotte and Province of New Brunswick and/or such other branch of any chartered bank of Canada or of the United States of America as the said Board of Directors may from time to time determine.

ARTICLE VIII

FISCAL YEAR

Sec. 1 **Fiscal Year:** The fiscal year of the company shall terminate on the 30th day of June in each year or such other date as the Board of Directors may determine from time to time.

ARTICLE IX

CONTRACTS

Sec 1 **Contracts:** No Director or Officer shall be disqualified by his/her office from contracting with the company either as Vendor, Purchaser or

otherwise, nor shall any such contract or any contract or agreement entered into by or on behalf of the company in which any Director or Officer shall be in any wise interested be voided, nor shall any Director or Officer so contracting or being so interested, be liable to account to the company for any profit realized by such contract or agreement by reason of such Officer or Director holding that office or by the fiduciary relation thereby established. It is incumbent on any Director or Officer seeking to contract with the company to formally reveal his/her interest in the transaction to the Board in advance of consummating the agreement.

ARTICLE X

MEMBERS

- Sec. 1** **Eligibility:** Membership in the company is restricted to the registered owner (individual or corporate) of one or more lots in the Campobello Island Subdivision Scheme established by Larry E. Kuca, Trustee, in the year 1986, and any additions, supplements and variations thereof. There shall be deemed to be one membership for each of such lots and where a lot is owned by more than one owner (individual or corporate) said owners shall share such membership.
- Sec. 2** **Associate Member:** A person who is a member in good standing of a community club or organization with its principal office and place of business on Campobello Island shall be eligible for an associate membership in the company. A community club is not herein defined to afford broadness of definition but examples would be a tennis club, swimming club or yacht club.
- Sec. 3** **Owner of Lot:** Persons who have entered into a contract of purchase for a lot shall be deemed to be an owner of the lot for membership eligibility purposes when the title to the property has been transferred at settlement.
- Sec. 4** **Membership in the company shall automatically cease when a member ceases to own a lot in the said Subdivision.**
- Sec. 5** **Approval:** Upon the approval of each new member, the Secretary shall notify him/her and furnish him/her with a copy of the by-laws and/or the constitution. He/She shall also request him/her to remit the fees provided to be paid on admission.
- Sec. 6** **Register:** The secretary shall cause a list of members to be kept in a book provided for that purpose, which shall be known as the company register, and shall at all times during business hours be open for inspection to all members of the company and the Minister of Justice or his representative. In case any person resigns or otherwise ceases to be a member as in these by-laws provided, his name shall be removed from the register and in case of suspension of any member, a memorandum thereof shall be inserted in the register during such suspension.

- Sec. 7** **Suspension or Expulsion of Member:** A member may be suspended or expelled by a majority of the votes cast at an annual or special meeting of the members of the company, or at any meeting of the Board of Directors for any cause or reason deemed sufficient by such meeting of members or Directors as the case may be. Provided however, that the member shall first have the right to be heard in person or by representation. Any suspended or expelled member may be reinstated at the discretion of the members at a general meeting, or the Directors at a meeting thereof.
- Sec. 8** **Compulsory Membership:** Membership in the company is compulsory for all persons qualified, i.e. own lots in the Campobello Island Subdivision established by Larry E. Kuca and any additions, supplements and variations thereof, and their membership shall continue so long as they own a lot in the said Subdivision unless suspended or expelled as in these by-laws provided. Suspended and/or expelled members shall continue to be bound by the covenants contained in their deeds and the bylaws of the company.
- Sec. 10** **Transfer of Membership:** Memberships in the company shall be transferable upon its books by the holders thereof in person, or by their duly authorized attorneys or legal representatives, and upon such transfer, the expired certificate shall be surrendered to the company by the delivery thereof to the Secretary, or such other person as the Directors may designate, by whom they shall be cancelled and a new certificate shall thereupon be issued. A record shall be made of each transfer. No transfer of membership may be made except by the transfer of a lot in the said Subdivision Scheme.
- Sec. 11** **Closing of Membership Books:** The Board of Directors may close the membership transfer books of the company for a period not exceeding forty (40) days preceding the date of any meeting of members; provided, however, that in lieu of closing the membership transfer books the Board of Directors may fix, in advance, not exceeding forty (40) days preceding the date of any meeting of members, a record date for the determination of the members entitled to notice of and to vote at such meeting and in such case, such members only as shall be members of record on the date so fixed, shall be entitled to such notice of and to vote at such meeting notwithstanding any transfer of any membership on the books of the company after such record date fixed as aforesaid.
- Sec. 12** **Membership Privileges:** In addition to the privileges and responsibilities of membership, in this by-law and subsequent by-laws set forth, membership privileges shall be granted to a member of the company in good standing, his/her spouse, conjugal common-law partner and all children of the immediate family who are unmarried and residing at the residence of the member.
- Sec. 13** **Guest Privileges:** Guests of company members in good standing may be sponsored and granted temporary membership privileges under a set of guidelines established by the Board of Directors.

FEES

- Sec. 1** **Annual Dues:** The Board of Directors shall from time to time by majority vote, fix or change the annual membership dues payable by members. These annual membership dues are assessed on a per lot basis. The funds received from the collection of dues are to be used for the general expenses of the company. These include, but are not limited to, taxes, rentals, office supplies, postage, publication expenses, web site creation and maintenance, authorized reimbursable expenses, legal and audit expenses, maintenance of properties and other generally recurring costs.
- Sec. 2** **Assessments:** The Board of Directors may from time to time make special assessments against the members. These assessments will be identified by the president in his/her annual budget submission to the general membership. The funds from the special assessments shall be approved for specific projects or special limited expenses. Assessments could be approved for one or multiple years but each assessment request must contain start and completion dates.
- Sec. 3** **Default in Payment:** All members shall be liable to the company for such fees and/or dues as are imposed from time to time by the Board of Directors. A member who does not pay the fee determined by the Board or any assessment made by the Board, by the time fixed for the closing of the membership books shall automatically be suspended from membership, but on payment of all unpaid fees and assessments may be reinstated in the discretion of the Directors after the membership books have been reopened. During the period of suspension, the member continues to be bound by the covenants of his/her deed and the policies and procedures of the company. The Directors may require the payment of interest on any such fee or assessment from the time fixed for payment until the date of payment and such interest together with the fee shall be deemed to be a fee payable to the company and recoverable in any action in a court of competent jurisdiction. If such court action is judged in favor of the company, all court fees and other related expenses incurred by the company shall be paid by the member. The Directors, at their sole discretion, impose liens or other encumbrances on the properties of those members refusing to meet these obligations.

ASSOCIATE MEMBERSHIP

- Sec. 1** A Campobello community club or organization interested in pursuing a particular hobby, avocation or field of interest which may require the use of the company's facilities on a regular basis may apply to the Board of Directors of the company through the Secretary for associate membership for its members.
- Sec. 2** **Eligibility:** The Directors shall, from time to time, determine the community clubs from Campobello Island whose members shall be

eligible for associate membership in the company. The spouse, conjugal partner, children and grandchildren of the immediate family of an associate member and residing at the home of the associate member, the children being unmarried, shall have the privileges granted to the associate member.

Sec. 3 The Directors shall establish the duties and responsibilities of such associate memberships and publish same in a policy statement. A condition of membership shall be an undertaking by the sponsoring community club to comply with the requirements of the policy statement and any violation thereof shall make the associate members of that club subject to expulsion at the option of the Board of Directors.

Sec. 4 There shall be no conflict of the rules and regulations of a community club with the Letters Patent or bylaws of the company and the rules and regulations of each community club, if available, shall be maintained in the company's office for review upon request by members.

Sec. 5 **Dues:** The Board of Directors shall establish the dues and/or fees payable by an associate member.

ARTICLE XI

AMENDMENTS

Sec. 1 These by-laws may be amended, altered, repealed or added to by the affirmative vote of the members of the company at an annual or any general meeting, or at a special meeting called for the purpose, provided however that the notice shall state the alterations, amendments, changes or additions which are proposed to be made in such by-laws and only such changes as have been specified in the notice shall be made.

ARTICLE XII

INTERPRETATION

Sec. 1 In these by-laws unless the context otherwise requires, words importing the singular number include the plural number, and vice versa, and references to persons include firms, corporations and associate.