

Section Six

DIRECTORS

6.01 Number of Directors and Quorum. Until changed in accordance with the articles, the board shall consist of eight (8) directors. The quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors constituting the board from time to time or such greater number of directors as the board may from time to time determine.

6.02 Qualification. No person shall be qualified for election as a director if such person is less than 18 years of age; if such person is of unsound mind and has been so found by a court in Canada or elsewhere; if such person is not an individual; or if such person has the status of a bankrupt; or if such person is an employee of the Association or has contracted directly or indirectly, to provide services to the Association. A director must be an Eligible Person. An Ineligible Individual is not qualified to be elected a director. A director must be a resident of Manitoba.

6.03 Election and Term. An election shall be held to elect directors to replace those directors whose term of office is to expire in accordance with the following process:

- (a) Each director elected as provided in this section shall take office at the conclusion of the next annual meeting of the Members following the holding of the election and shall hold office for a term of four (4) years until the director's successor takes office.
- (b) Prior to July 31 of the year prior to the year in which the office of a director is to expire, the board shall appoint a returning officer to conduct the election.
- (c) Retiring directors, if qualified, shall be eligible for re-election, provided however no individual who has been a director for three consecutive four (4) year terms shall be eligible for re-election.
- (d) Nominations for the office of director shall be submitted to the main business office of the Association in Winnipeg on or after the 15th day of October and not later than 4:30 p.m. C.S.T. on the 31st day of October in an election year.
- (e) The returning officer conducting an election shall not accept a nomination unless:
 - (i) the nominee is an Eligible Person and is not an Ineligible Individual;
 - (ii) the nomination is in the form set out in Schedule "A" attached hereto, as same may be modified from time to time by a resolution of the board;

- (iii) the nomination bears the signature of at least six (6) Members or Eligible Persons;
 - (iv) the nomination bears the signature of the nominee indicating the nominee's acceptance of the nomination; and
 - (v) the nomination was received at the main business office of the Association in Winnipeg, not later than the time specified in this section.
- (f) Where the returning officer conducting an election is satisfied that nominations are complete, the returning officer shall forthwith provide each nominee with a list of the nominees. That list shall conclusively determine the nominees for the election.
- (g) A nominee may withdraw the nominee's nomination by Notice in writing to the returning officer delivered or mailed so that it is received at the main business office of the Association not later than the 5th day after the date of the delivery or mailing to the nominee of the list of nominees.
- (h) Where not more than the number of persons to be elected as a director are nominees, the returning officer shall declare such nominees elected as directors by acclamation.
- (i) Where more persons are candidates for election as a director than persons to be elected, the returning officer shall conduct an election. The returning officer shall advise the secretary of the Association of the holding of the election and the secretary shall provide the returning officer with a list of Members as at July 31st of the previous fiscal year and such list shall conclusively determine the eligibility of the Members entitled to vote in the election.
- (j) Where the returning officer is to conduct an election the returning officer may appoint such deputy returning officers and other persons as the returning officer considers necessary to conduct the election.
- (k) A ballot accompanied by voting instructions, shall be in such form as may be acceptable to the returning officer and approved by a resolution of the board, with the names of the candidates listed thereon in alphabetical order. Ballots shall allow a voter to rank candidates in the order of preference.
- (l) Voting shall be by secret ballot.
- (m) Where an election is to be conducted the returning officer shall mail one ballot to each Member not later than the 22nd day of November.
- (n) Each ballot shall be cast in accordance with a procedure acceptable to the returning officer and approved by a resolution of the board.

- (o) The returning officer shall not accept a ballot unless it is received at the place specified in the voting instructions not later than 4:30 p.m. C.S.T. on the 10th day of December.
- (p) The ballots cast by Members shall be counted by the returning officer on the 5th business day following the date specified in clause (o) in accordance with a procedure acceptable to the returning officer and approved by a resolution of the board.
- (q) The returning officer shall declare the results of the election and shall notify the candidates and the Association of such results.
- (r) Any candidate may request a recounting of the ballots by Notice in writing to the returning officer delivered or mailed so that it is received by the returning officer not later than five (5) days after the date of notification referred to in clause (q).
- (s) Upon receipt of a Notice under clause (r) the returning officer shall conduct a recounting of the ballots and each candidate may designate a scrutineer, who may not be a candidate for the purpose of such recounting.
- (t) The election of a candidate on the basis of such recounting shall be final.
- (u) In the case of a tie between or among candidates to be elected the deadlock shall be broken by a vote at the next annual meeting of Members. The returning officer shall be responsible for conducting such election. Voting shall be by secret ballot.
- (v) The proceedings in any election shall not be invalidated by reason of any omission or failure unless it can be shown that such omission or failure could have reversed the result of such election.

Notwithstanding the specific times and dates set out in the above process, such times and dates may be extended to later times and dates acceptable to the returning officer and approved by a resolution of the board in order to deal with a force majeure or other extenuating circumstance.

6.04 Vacation of Office. A director ceases to hold office when such person dies; is absent from three consecutive meetings of the board, unless the absence is due to illness or other emergency which prevented the director from attending or unless such absence is excused or consented to by the board; ceases to be qualified for election as a director; ceases to be a resident of Manitoba; or a written resignation is sent or delivered to the Association, or if a time is specified in such resignation, at the time so specified, whichever is later.

6.05 Other Vacation of Office. A director shall also cease to hold office if the board passes a resolution by a majority of at least 2/3 (two-thirds) of the votes cast stating that the director has

- (i) failed to adhere to the provisions of section 6.19 of this by-law dealing with conflict of interest, or that the director has failed to provide a Disclosure Statement or to make a disclosure as required in such Disclosure Statement;
- (ii) failed to adhere to the provisions of section 6.20 of this by-law dealing with confidentiality, or that the director has failed to provide a satisfactory Undertaking as required by subsection 6.20(b) or has breached such Undertaking, or
- (iii) failed to adhere to the provisions of section 6.21 of this by-law dealing with miscellaneous duties and obligations of directors and has breached such duties and obligations;

and determining that such director is an "Ineligible Individual".

6.06 Vacancies. Subject to the Act, in the event of a vacancy in the board, a quorum of the board may appoint an Eligible Person to fill the vacancy for the balance of the term of the director whose cessation of office caused the vacancy.

6.07 Action by the Board. The board shall manage the business and affairs of the Association. Subject to section 6.08, the powers of the board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

6.08 Meetings by Telephone. If all the directors consent, a director may participate in a meeting of the board or of a committee of the board by means of such telephone or other communications facilities as permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

6.09 Place of Meetings. Meetings of the board may be held at any place in Manitoba or any such other place as may be determined by a resolution of the board.

6.10 Callings of Meetings. Meetings of the board shall be held from time to time and at such place as the board, the president, or any three directors may determine.

6.11 Notice of Meeting. Notice of the time and place of each meeting of the board shall be given in the manner provided in section 10.01 to each director not less than seven (7) days before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to:

- (a) submit to the Members any question or matter requiring approval of the Members;
- (b) fill a vacancy among the directors or in the office of auditor;
- (c) issue securities;
- (d) approve any annual financial statements; or
- (e) adopt, amend or repeal by-laws.

A director may in any manner waive notice of or otherwise consent to a meeting of the board.

6.12 First Meeting of New Board. Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the conclusion of the annual meeting at which time they take office.

6.13 Adjourned Meeting. Notice of an adjourned meeting of the board to be held within forty-eight (48) hours from the time the original meeting is adjourned is not required if the time and place of the adjourned meeting is announced at the original meeting.

6.14 Regular Meetings. The board shall hold at least four (4) meetings in each calendar year. The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

6.15 Chair. The chair of any meeting of the board shall be the president, or in the president's absence a vice-president who is chosen by the directors present to be chair. If no such officer is present, the directors present shall choose one of their number to be chair.

6.16 Votes to Govern. At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chair of the meetings shall not be entitled to a second or casting vote.

6.17 Reimbursement for Expenses. The directors shall not be paid remuneration for their services. The directors may, by resolution of the board, receive per diem honorariums for attending meetings of the board or any committee thereof, or such other meeting as may be determined by the board from time to time, and may be reimbursed for travelling and other expenses properly incurred by them in attending such meetings. The aggregate of per diem honourariums paid to a director during a fiscal year of the Association shall be disclosed in the Annual Report of the Association for that fiscal year.

6.18 Report. The board shall submit or cause to be submitted to the annual meeting of Members of the Association and to any other general meeting of Members, a report as to the affairs of the Association. In addition, it shall be the responsibility of the board to keep the Members informed as to the affairs of the Association and to encourage interest, discussion and support on the part of the Members throughout the year by presenting periodic reports to the Members as to the affairs of the Association and the condition of its business.

6.19

Conflict of Interest.

- (a) The Guidelines annexed hereto and marked Schedule “B” shall govern the interpretation and application of this section.
- (b) Within a reasonable period of time following the election of an individual as a director of the Association, and prior to March 31st in each calendar year thereafter, each director shall disclose in writing to the other directors all business, commercial or financial interests where such interest may conceivably be construed as being in actual or potential conflict with the director’s duties and responsibilities as a director and shall execute an Undertaking in such form as may be approved by the board with respect to how the director proposes to avoid any conflict or appearance of conflict with that director’s duties and responsibilities as a director of the Association.
- (c) Each director who may become interested in a business, commercial or financial interest which interest may conceivably be construed as being an actual or potential conflict with the director’s duties and responsibilities as a director of the Association shall disclose in writing to the other directors all business, commercial or financial interests where such interest may conceivably be construed as being in actual or potential conflict with the director’s duties and responsibilities as a director of the Association and shall execute an Undertaking in such form as may be required by the board with respect to how the director proposed to avoid any conflict or appearance of conflict with that director’s duties and responsibilities as a director of the Association.
- (d) The failure to make the disclosure as required under this section or the failure to provide an Undertaking as required under this section, or the breach of such an Undertaking, by a director shall be grounds for the passage of a resolution by the board under section 6.05 stating that the director has failed to adhere to the provisions of this section dealing with Conflict of Interest, determining that such director is an Ineligible Individual, and causing the office of that director to be automatically vacated.

6.20

Confidentiality.

- (a) The Guidelines annexed hereto and marked Schedule “C” shall be adhered to by each director.
- (b) Within a reasonable period of time following the election of an individual as a director of the Association, that individual shall execute an Undertaking in a form satisfactory to the board with respect to not disclosing information relating to the Association of a confidential nature

provided to the directors of the Association, which Undertaking shall reflect the Guidelines set out in Schedule "C".

- (c) The failure to provide an Undertaking as required under this section or the breach of such an Undertaking by a director shall be grounds for the passage of a resolution by the board under section 6.05 stating that the director has failed to adhere to the provisions of this section dealing with confidentiality, determining that such director is an Ineligible Individual, and causing the office of that director to be automatically vacated.

6.21 Miscellaneous Duties and Obligations of Directors.

- (a) The Guidelines annexed hereto and marked Schedule "D" shall be adhered to by each director.
- (b) The failure to adhere to the Guidelines set out in Schedule "D" shall be grounds for the passage of a resolution by the board under section 6.05 stating that the director has breached the duties or obligations owed by that individual, determining that such director is an Ineligible Individual, and causing the office of that director to be automatically vacated.