

SAC BY-LAWS EXPLANATORY NOTES

PURPOSE

A review of the SAC-ACVV Bylaws was undertaken by the Board due to the requirements of the new Canada Not-for-profit Corporations Act. Under that Act, non-profit federal corporations that fail to make the necessary changes are dissolved as of October 2014. In order to avoid this result, SAC-ACVV is required to bring our bylaws into compliance with the new Act.

PROCESS

The first step was the review and approval by the Board. This was completed at our meeting in Calgary in November 2013. The second step involves obtaining the approval of the membership at the next AGM to be held in March 2014. The final step includes filing the new bylaws, along with companion Articles of Continuance, with federal agencies including Industry Canada and the Canada Revenue Agency. This last step will be completed in the summer of 2014, at which point we should have received final approvals before our October 2014 deadline.

While undertaking this task in order to meet regulatory requirements, the Board also found the exercise useful in that we were able to use this as an opportunity to make improvements to the governance of SAC-ACVV. Changes were made to clarify and improve our governance procedures and the documents themselves were made more accessible by shortening them and trying as much as possible to use plain language.

DRAFTING PHILOSOPHY

The new Act changes the way by-laws are required to be written. In the past, the Act listed a number of things that must be included in the by-laws. As a result, the bylaws of associations tended to be long and detailed. The new Act does the reverse. It provides rules for just about everything leaving organizations in a position where they need very little in their by-laws. We could have taken this minimalistic approach but it would make it difficult for anyone to figure out how we do things. We would always have to refer back to the rules in the new Act.

The alternative approach suggested by some, and the approach we have adopted, is to maintain much of our old by-laws and simply remove any offending sections that did not comply with the new Act and at the same time use this as an opportunity to take out some of the legal language and shorten the document. The net result is that we were able to shorten the document (through changes and formatting) from 16 pages down to 6 pages.

DETAILS OF CHANGES

Below, I will list the sections by number and explain what I did. I will also highlight any decisions we need to make as a Board:

1. HEAD OFFICE - We took out the old #1 that referred to the Corporate Seal because seals have not been required for decades. The new #1 is the head office section that used to be #2 and has been shortened.

2. MEMBERSHIP –Our membership structure was unnecessarily complicated. We previously had 8 different categories of membership, several of which have not had any members for some time. Rather than having 8 membership categories, there are now only 2 - those being Sustaining Members (the clubs) and Club Affiliated Members (the people in the clubs.) The clubs will be the voting members of SAC-ACVV, with their votes tabulated as before, with each club having 20 votes plus 1 vote per club affiliated member. That formula has been used by SAC for many years and was intended to balance the interests of large and small clubs within SAC-ACVV. The real differences with this structure are twofold. First, individual club members will not be voting separately from their club. Second, SAC fees will be payable by clubs based on the demographics of their club memberships, rather than linking fees to specific membership categories. This will not change the ways fees are charged but it does delink the payment of fees to separate membership classes. This allows us to minimize the number of membership categories which is important in the way the new Act operates. Under the new Act, each separate membership category, even if noted as non-voting, is allowed to vote separately as a class on major changes. That would have meant, for example, that one small membership category could prevent certain changes in the future. It is felt that this power should be limited to clubs as a group, and to individuals as a group regardless of our fee structure. The change will also allow us to simplify our meeting notice procedures because we would only have to provide notice to the clubs themselves and not to each individual in the clubs. (Something that has been our practice in any event for years.)

3. BOARD OF DIRECTORS - As per our Articles of Continuance (which were derived from our old Articles of Incorporation) we have a minimum of 5 and a maximum of 8 directors. The by-laws make this clear and consistent where the old ones were changed to 5 directors at some point in time. We will continue with 2 year terms and a staggered election process so that ½ of the board is elected each year. The minimum age to serve on the board is being reduced to 18 from 21 to reflect the fact that the age of majority is 18 now. With respect to elections of directors, the voting procedure will now be consistent in that it will be the same 20 votes per club plus 1 per club affiliated member. Also, the reference to specific zones has been removed as these can be changed by the board from time to time to reflect demographic changes in the soaring

community. We have also removed reference to ex officio board members (for us, the past president) because this is no longer allowed.

4. MEETINGS OF DIRECTORS - The old by-laws simply said 3 directors constituted quorum. Given that we have a range of 5 to 8 directors, this has been changed to a requirement of 2/3 of board members.

5. INDEMNITIES TO DIRECTORS - No changes, just shortened.

6. GENERAL AND ANNUAL MEETINGS - No changes, just shortened.

7. NOTICE OF MEETING OF MEMBERS - The new Act spells out very specific notice periods depending on the method of communication. Our bylaws will provide for either mail or e-mail within the Act mandated period of 21 to 35 days prior to a meeting.

8. VOTING AT MEETINGS OF MEMBERS - In the old by-laws there was the anticipation that getting a lot of individuals to a meeting was impossible so quorum was set at 20% which is a very low figure. With clubs voting then we only need a quorum of votes represented by the clubs. Clubs are much better at either getting someone there or giving their proxy to another club so the minimum number for quorum has been raised to 50%.

9. MEMBER PROPOSALS - This wasn't in our old by-laws but it is mandatory under the new Act. In fact, we did allow member proposals in the past but the rules for them were not written into our by-laws. Proposals can only come from voting members so they would have to be from a club and not an individual. The Act spells out some very specific requirements for member proposals and these have been mirrored in the bylaws.

10. OFFICERS AND THEIR DUTIES - Not required but left in and shortened.

11. RIGHT OF APPEAL AND PROCEDURE - Simply shortened. However, earlier in the document the right of the Board to discipline members has been removed so this really just refers to administrative matters such as appealing decisions of a committee.

12. FISCAL YEAR - No real change.

13. AUDITORS - No real change..