

Annual General Meeting Proposed General By-Law Amendment

May 16, 2019

The Board of Directors is seeking membership approval to amend paragraph 4.5(f) of By-Law No. 1.

RATIONALE

In By-law No. 1, there is currently no clear authority for the Board to delegate many of its operational powers to the Chief Executive Officer. Accordingly, the Board of Directors is seeking an amendment to RECO's By-Law No. 1., paragraph 4.5(f), as presented.

Specifically, according to the proposed amendment, the delegation of operational authority from the Board to the CEO may include the authority to (i) bind the corporation through the execution of instruments (contracts, e.g.), (ii) conduct banking, (iii) issue cheques or orders for the payment of money, (iv) authorize expenditures, (v) employ and discharge agents and employees, and (vi) generally supervise the day to day operations of RECO.

There are some powers that the Board may not delegate, including the power to amend by-laws and to appoint officers. This is common practice in organizations like RECO.

Please note the following:

1. The proposed amendment simply provides the Board with the authority to delegate operational authority to the CEO. It does not itself constitute a delegation.
2. Despite any delegation to the CEO that the Board may undertake in the future, the Board remains fully accountable for the exercise of delegated authority by the CEO.
3. The proposed bylaw amendment is intended to give effect to recommendations contained in the governance review completed in 2018 with the assistance of KPMG. In particular, it was recommended that the Board delegate operational authority so as to allow it to focus more thoroughly on strategic issues and their related risks.

Should you have any questions regarding this amendment, please contact AGM@reco.on.ca.



Current By-law No. 1 Wording	Proposed By-law No. 1 Wording
<p><u>4.5 Powers and Duties.</u></p> <p>(f) <u>Chief Executive Officer.</u> The Board may from time to time appoint a Chief Executive Officer and may delegate to that person full power to employ and discharge agents and employees of the Corporation. The Chief Executive Officer shall supervise the day to day operations and administration of the Corporation. The Chief Executive Officer shall conform to all lawful orders given by the Board and shall at all reasonable times give to the directors or any of them all information they may reasonably require regarding the affairs of the Corporation to fulfil their duties as directors.</p>	<p><u>4.5 Powers and Duties.</u></p> <p>(f) <u>Chief Executive Officer.</u></p> <p>(i) The Board may appoint a Chief Executive Officer who shall supervise the day to day operations and administration of the Corporation. The Chief Executive Officer shall conform to all lawful orders given by the Board and shall at all reasonable times give to the directors all information they may reasonably require regarding the affairs of the Corporation to fulfill their duties as directors.</p> <p>(ii) In addition to the authority conferred on the Board under the Act and subject to the Act and the Articles, but despite any other provisions in these By-Laws, the Board may delegate in writing to the Chief Executive Officer the following powers and duties otherwise vested in the Board pursuant to these By-Laws:</p> <p>(A) As provided in By-Law 1.6, the power to designate, direct or authorize officers or employees of the Corporation to transact the banking business or any part of the banking business of the Corporation;</p> <p>(B) As provided in By-Law 1.8, the power to appoint any officer or officers or any person or persons on behalf of the Corporation either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing;</p> <p>(C) As provided in By-Law 1.9, the power to designate such officer or officers, or such person or persons, to sign on behalf of the Corporation</p>



all cheques, drafts or orders for the payment of money, and all notes and acceptances and bills of exchange;

- (D) As provided in By-Law 1.15, the power to authorize expenditures on behalf of the Corporation from time to time; and
- (E) As provided in By-Law 2.12, the power to appoint such agents and engage such employees as the Chief Executive Officer shall deem necessary from time to time, and the power to establish the authority of and to assign such duties to such agents and employees as the Chief Executive Officer shall prescribe.

- (iii) In delegating any of the powers and duties referred to in sub-paragraph 4.5(f)(ii) of this By-Law, the Board may, in writing:
 - (A) Impose on the Chief Executive Officer any restrictions or limitations on the exercise of those delegated powers and duties as it shall deem appropriate in its discretion; and
 - (B) Provide that, subject to such restrictions or limitations as the Board may impose, the Chief Executive Officer may sub-delegate any of the powers and duties delegated to the Chief Executive Officer by the Board to such officers, employees or agents of the Corporation as the Chief Executive Officer may designate from time to time.

