

TORONTO POLICE AMATERU ATHLETIC ASSOCIATION

EXECUTIVE SUMMARY OF

REVISIONS TO LETTERS PATENT AND BY-LAWS

For Annual General Meeting of Members on December 2, 2020

At the annual general meeting for Toronto Police Amateur Athletic Association (“TPAAA”), the board has approved changes to the special provisions in the Letters Patent that governs TPAAA, as well as approving of repealing the current “Constitution and By-laws” of TPAAA and replacing them with General Operating By-law No.1 Both the application for supplementary letters patent and General Operating By-law No. 1 (the “New By-laws”) are available at . [NOTE TO DRAFT: We will want to indicate in the summary where members can find the full text of the SLP and by-laws] The Letters Patent has not been amended since 2001 and the Constitution and By-laws have not been subject to a legal review until recently.

As such, the Board of Directors determined that it is necessary to update these documents to to comply with changes in the law, to align with the operations/practices of TPAAA, and to better reflect the governance of TPAAA. Currently the TPAAA is governed the *Corporations Act* (Ontario). In the near future, this statute will be replaced with the *Not-for-profit Corporations Act, 2010* (Ontario). At that time, additional amendments to the by-laws of TPAAA will be necessary. However, the changes made by the New By-laws will better place the TPAAA in a position to comply with the new laws.

Attached to this Executive Summary are the following documents for consideration by the Members:

1. Application for Supplementary Letters Patent; and
2. General Operating By-law No. 1.

Due to the many changes included in these documents, it is not possible, nor is it necessary, to set out all of the changes contained in these documents in this summary. Instead, the following is an overview of the major changes included in these documents. Members are encouraged to review these documents in their entirety.

1. Changes to the Letters Patent

The Corporation is incorporated under the *Corporations Act* (Ontario) by Letters Patent issued by the Ontario government on July 15, 1993. The Board proposes to make a small change to the Letters Patent by way of applying for Supplementary Letters Patent.

The Board proposes to remove special provisions (c), (d) and (e) set out in the Letters Patent. These paragraphs are as follows:

- (c) The directors shall server as directors and officers without remuneration, and no director shall directly or indirectly receive any profit from his position as director or officer; provided that a director may be paid reasonable expenses incurred by him in the performance of his duties.

(d) Upon dissolution of the Corporation and after payment of all debts and liabilities, its remaining property shall be distributed to a charity which carries on work solely in Ontario.

(e) To further the objects of the Corporation, the Corporation may accept donations, gifts, legacies, and bequests.

These special provisions are generally included in the Letters Patent of not-for-profit corporations established to be registered charities in Ontario. For federal income tax purposes, TPAAA has never registered as a registered charity, nor has it operated as a registered charity. In this regard, these provisions are not required and do not reflect how TPAAA has historically operated.

2. Changes to the By-laws

The corporate governance of TPAAA is governed by its Constitution and By-laws. Rather than make minor amendments to the Constitution and By-laws, legal counsel has recommended that they be repealed and replaced entirely by the New By-laws to better clarify who can become members or directors of TPAAA, and to better comply with the current law.

1. Numbering of New By-law

All by-laws of TPAAA should be numbered sequentially. The New By-laws are referred to as “General Operating By-law No 1”. All future by-laws would then be sequentially numbered accordingly. For example, the next by-law to be adopted by TPAAA should be No. 2, etc. This will clarify when each by-law is adopted as opposed to the current practice of amending the Constitution and By-laws by resolution from time to time.

2. Members

Section 8 will clarify who qualifies to be members of the TPAAA, how membership is to be renewed, and how membership may be terminated. In this regard, under the current Constitution and By-laws the membership of TPAAA is categorized in various classes of voting and non-voting categories, i.e., “Active Member”, “Honourary Member”, “Life Member”, and “Association Member”.

In this regard, members have the right to receive notice of, attend and participate and vote at members’ meetings and members may stand for election to the Board of Directors provided that the members meet the applicable qualification requirements to be Directors.

Membership in TPAAA concerning who can receive notice of and vote and annual meetings of the TPAAA will now be limited to those individuals who are Sport Chairs or Site Reps. Sport Chairs and Site Reps must complete an annual confirmation in writing to confirm their status as corporate members of TPAAA and will be entitled to the rights of a corporate member under the *Corporations Act* (Ontario) and the New By-laws.

3. Non-Members

Existing members in the “Active Member”, “Honourary Member”, “Life Member”, and “Association Member” will not have the non-member status of “Participant”. Matters in relation to their qualification requirements, rights, privileges, due payments, and termination of status will be set out in policies, rather than in the New By-laws, in order to provide flexibility for these provisions. Participants will continue to be able to receive the benefits they have in the past, e.g., discounted gym access, participation in amateur sports leagues and events, etc. Participants are not Members of TPAAA and are not entitled to receive notice of or attend meetings of members.

4. Members Meetings

Section 9 deals with the conduct of members’ meetings. Given the ongoing pandemic, the New By-laws provide authority for meetings to be held by electronic means as well as for absentee voting by proxy. Quorum for membership meetings now consists of 20 members. Meetings can still be requisitioned by 10% of the membership in accordance with the *Corporations Act* (Ontario).

5. Board of Directors and Board Meetings

TPAAA’s board of directors under the Constitution and By-laws is made up of the president, 1st vice-president, 2nd vice-president, treasurer, secretary, representatives from each Site, all past presidents, and all chairs of various sports committees. As a result, the board of TPAAA is composed of upwards of 50 individuals.

What is a suitable number of directors on a board depends on the nature of each organization, and there is no right or wrong answer in this regard. However, when determining an appropriate size of the board, it is necessary to keep in mind that in general, having a large number of directors is often challenging for directors to have effective meetings and have meaningful individual participation. Moreover, it is important to be aware that individuals on the board have significant exposure to liability and can face risk in their personal capacity.

Under the New By-laws, the board will be composed of 6 individuals as set out in section 3 and serve a 1 year term. Given the ongoing pandemic, the New By-laws also provide for electronic meetings of the board. The immediate past president will continue to be an *ex officio* director.

6. Other matters

Section 5 of the New By-laws governs the offices, election, term, qualifications, filling vacancies and duties of officers. Section 6 of the New By-laws governs the protection of directors and officers, including limitation of liabilities and indemnities as permitted by the *Corporations Act* (Ontario). Section 11 provides that amendments to the Letters Patent and by-laws will require a special resolution (i.e., two-thirds of the votes cast) of the members.

Section 13 sets out transitional provision regarding how TPAAA’s current corporate members and executive would transition into becoming participants and the TPAAA board of directors. Section 12 addresses the repeal of the Constitution and By-laws.