

**AMENDED AND RESTATED  
GENERAL OPERATING BY-LAW  
GREATER TORONTO AIRPORTS AUTHORITY**

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of Greater Toronto Airports Authority (the "Corporation") as follows:

**ARTICLE 1 - INTERPRETATION**

**1.1 Meanings**

In this by-law and all other by-laws and resolutions of the Corporation unless the context otherwise requires:

“Act” means the *Canada Corporation Act*, R.S.C. 1970, c. C-32, as amended from time to time, and any statute enacted in substitution therefor from time to time;

“Airport Properties” means the properties comprising the Toronto-Lester B. Pearson International Airport leased to the Corporation by Her Majesty the Queen in Right of Canada, and any properties adjacent thereto which the Corporation takes charge of or acquires, and all or part of any other property or properties of any other airport or airports in the South Central Ontario Region and any properties adjacent thereto which the Corporation takes charge of or acquires;

“Annual Meeting of the Members” means the meeting of the members held in accordance with Section 9.1;

“Annual Public Meeting” means the meeting of the Corporation held in accordance with Section 17.2;

“Appointers” means, collectively, the Her Majesty the Queen in Right of Canada and Her Majesty the Queen in Right of Ontario and “Appointer” shall refer to either of them;

“Authorized Representative” means the person entitled to act on behalf of and represent a Nominator or Appointer;

“Board” means the board of directors of the Corporation;

“Chair” means the chair of a meeting of the Board, of a meeting of the Members or of a meeting of a committee of the Corporation, as the case may be;

“Chair of the Board” means the chair of the board of the Corporation;

“Claims” means claims, losses, damages (direct, indirect, consequential or otherwise), suits,

judgments, causes of action, legal proceedings, executions, demands, penalties or other sanctions of every nature and kind whatsoever, whether accrued, actual, contingent or otherwise and any and all costs arising in connection therewith, including, without limitation, legal fees and disbursements on a solicitor and his own client basis (including, without limitation, all such legal fees and disbursements in connection with any and all appeals);

“Corporation” means Greater Toronto Airports Authority;

“Corporate Governance Committee” means the committee of the Board established pursuant to Section 17.12 hereof;

“Director” means a director of the Corporation;

“documents” includes deeds, mortgages, leases, sub-leases, easements, licenses, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or moveable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, bonds, debentures or other securities and all paper or electronic writings;

“Executive Committee” means the committee described in Article 8;

“Federal Appointee” means a person appointed by Her Majesty the Queen in Right of Canada from time to time in accordance with Section 4.4;

“Letters Patent” means the letters patent of the Corporation, as same may be amended from time to time by the issuance of Supplementary Letters Patent;

“Member” means a member of the Corporation, and “Members” shall have a corresponding meaning;

“Minister” means the Minister of Transport for Canada;

“Municipal Nominators” means collectively:

- (i) The Regional Municipality of Peel;
- (ii) The City of Toronto;
- (iii) The Regional Municipality of York;
- (iv) The Regional Municipality of Halton; and
- (v) The Regional Municipality of Durham;

and “Municipal Nominator” shall refer to one of them;

“Nominators” means collectively, the Municipal Nominators and the Non-governmental Nominators, and “Nominator” shall refer to any one of them;

“Nominees” means the persons named by the Nominators from time to time in accordance with Article 4;

“Non-governmental Nominators” means collectively:

- (i) The Law Society of Upper Canada;
- (ii) The Association of Professional Engineers of Ontario;
- (iii) Institute of Chartered Accountants of Ontario;
- (iv) The Toronto Board of Trade;
- (v) The Boards of Trade and Chambers of Commerce in:
  - A. The Regional Municipality of York;
  - B. The Regional Municipality of Halton;
  - C. The Regional Municipality of Durham; and
  - D. The Regional Municipality of Peel

and “Non-governmental Nominator” shall refer to any of them;

“President” means the president of the Corporation;

“Provincial Appointee” means the person appointed by Her Majesty the Queen in Right of Ontario from time to time in accordance with Section 4.4;

“Secretary” means the secretary of the Corporation;

“Treasurer” means the treasurer of the Corporation; and

“Vice-President” means a vice-president of the Corporation.

## **1.2 Terms**

All terms defined in the Act have the same meanings in this by-law and all other by-laws and resolutions of the Corporation.

## **1.3 Interpretation**

In this by-law and in all other by-laws of the Corporation, unless the context otherwise requires, words importing the singular number or the masculine gender shall include the plural number or the neuter and feminine gender, as the case may be, and vice versa, and references to persons shall include individuals, partnerships, companies and corporations.

# **ARTICLE 2 - HEAD OFFICE**

## **2.1 Location**

The head office of the Corporation shall be situate in the location set out in the Letters Patent and at such address within such location as may be determined by the Board from time to time.

## ARTICLE 3 - SEAL

### 3.1 Impression

The seal, an impression of which was stamped on a certificate of the Secretary immediately following the issuance of the Letters Patent, is the seal of the Corporation.

## ARTICLE 4 - MEMBERSHIP

### 4.1 Transition

The provisions of Sections 4.2 and 4.4 shall be subject to a transition plan approved by the Board which shall, among other things, provide for the appointment of five (5) Members in each of 2003, 2004 and 2005 and, to achieve such cycle of appointments, shall provide for the extension of the term of a Member to be identified by the Board in 2003 and a Member to be identified by the Board in 2004, each for a period of one (1) year.

### 4.2 Membership

- a) Membership in the Corporation shall consist of the Members. Each person admitted as a Member shall be promptly informed by the Secretary of the Corporation of his or her admission as a Member.
- b) Members are those persons appointed as Members in accordance with Section 4.4. Each Member shall have identical rights and obligations, including being entitled to one vote at all meetings of Members.
- c) Subject to Sections 4.4(d)(iv), 4.8 and 4.9, the Corporation shall be comprised of fifteen (15) Members as follows:
  - i) two (2) Members appointed by Her Majesty the Queen in Right of Canada;
  - ii) one (1) Member appointed by Her Majesty the Queen in Right of Ontario;
  - iii) four (4) Members appointed by the Board from candidates proposed by the Non-governmental Nominators;
  - iv) five (5) Members appointed by the Board from candidates proposed by each Municipal Nominator consisting of one Member from each Municipal Nominator;
  - v) three (3) Members appointed by the Board from candidates proposed by the Corporate Governance Committee;

- d) The Board shall, at the Board of Directors meeting held immediately prior to the Annual Public Meeting, make the appointments described in paragraphs (c) (iii) – (v) above.

### 4.3 Qualifications

To be qualified to serve as a Member a person shall be at least eighteen (18) years of age and shall not:

- a) be a corporation;
- b) be a person who is not a Canada citizen or a permanent resident within the meaning of the *Immigration and Refugee Protection Act*;
- c) be a person who maintains his or her principal residence outside Canada;
- d) be related to another Member of the Corporation. For the purposes of this Section, Members are related to each other if:
  - i) they are individuals connected by blood relationship, marriage, common-law partnership or adoption within the meaning of Section 251(6) of the *Income Tax Act*;
  - ii) each such person is an officer or director of the same two corporations, associations, partnerships or other organizations other than a subsidiary of the Corporation;
  - iii) they are partners; or
  - iv) one is the employer of the other;
- e) be a person who has been found by a Court to be a mentally incompetent person or of unsound mind;
- f) be a person who is an undischarged bankrupt;
- g) be a person who has been convicted of an indictable offence;
- h) be, or within the two (2) years immediately preceding the date of his or her appointment, has been:
  - i) a member of the Senate of Canada, the House of Commons or the legislature of a province, or
  - ii) an elected official of a municipality located, in whole or in part, within one hundred (100) kilometers of the Airport;

- i) be, or within one (1) year immediately preceding the date of his or her appointment, has been:
  - i) an employee or agent of Her Majesty the Queen in Right of Canada or a province, or an employee or agent of a crown corporation;
  - ii) an officer or employee of a municipality located, in whole or in part, within one hundred (100) kilometres of the Airport;
  - iii) an employee of the Corporation, other than as Chair; or
  - iv) a shareholder of any subsidiary of the Corporation; or
  - v) a person who has filed a return under the *Lobbyists Registration Act*, or who is registered or has filed a return under any similar provincial statute or municipal by-law provided any such person who is a Member when these by-laws are approved by the Minister of Transport may continue as a Member until the end of his or her term;
- j) be a director, officer or employee of any person who has, or within the six (6) months immediately preceding his or her appointment, had a relationship with the Corporation, an Appointer or a Nominator that could reasonably be perceived to interfere with the ability of such Director, officer, or employee to discharge his or her fiduciary duty to act in the best interests of the Corporation;
- k) be a person who failed to attend an information session on the roles and responsibilities of a director hosted by the Corporation;
- l) be a person who failed to provide a declaration of compliance with the Conflict of Interest provisions of the Code of Conduct provided for in Sections 6.12 and 6.13; or
- m) be a person who is ineligible to be a Member or a Director of the Corporation under any applicable legislation.

#### **4.4 Appointment of Members**

- a) Federal and Provincial Appointees
  - i) At least ninety (90) days prior to the expiration of the term of a Member who had been appointed by Her Majesty the Queen in Right of Canada (an “Existing Federal Member”), the Secretary shall solicit from Her Majesty the Queen in Right of Canada the name of a candidate to replace such Existing Federal Member or to re-appoint that Existing Federal Member if that Member is eligible to serve as a Member for another full term.

- ii) At least ninety (90) days prior to the expiration of the term of a Member who had been appointed by Her Majesty the Queen in Right of Ontario (the “Existing Provincial Member”), the Secretary shall solicit from Her Majesty the Queen in Right of Ontario the name of a candidate to replace the Existing Provincial Member or to re-appoint that Existing Provincial Member if that Member is eligible to serve as a Member for another full term.

b) Municipal and Non-governmental Nominees

- i) At least ninety (90) days prior to the expiration of the term of a Member who had been appointed by the Board on the basis of candidates provided by a particular Municipal Nominator (the “Existing Municipal Member”), the Secretary shall solicit the names of three (3) candidates from such Municipal Nominator to replace such Existing Municipal Member. The names provided by the Municipal Nominator can include the name of the Existing Municipal Member if that Member is eligible to serve as a Member for another full term.
- ii) At least ninety (90) days prior to the expiration of the term of a Member who had been appointed by the Board on the basis of candidates provided by Non-governmental Nominators (the “Existing Non-governmental Member”), the Secretary shall solicit the names of three (3) candidates from each Non-governmental Nominator to replace each Existing Non-governmental Member, which names can include the name of the Existing Non-governmental Member if that Member is eligible to serve as a Member for another full term.
- iii) The names of all candidates received from the Nominators shall be reviewed by the Corporate Governance Committee which shall assess the requirements of the Board and the qualities of each candidate. The Corporate Governance Committee shall provide to the Board the names of all candidates received from the Nominators, their qualifications and shall make a recommendation to the Board for the appointment of one or more of the candidates received from the Municipal Nominator(s) to replace the Existing Municipal Member(s) and for the appointment of one or more of the candidates received from the Non-governmental Nominators to replace the Existing Non-governmental Member(s).
- iv) The Board shall ensure that no more than three (3) Members are appointed on the basis of names provided by one Nominator.

c) Board Appointments

At least ninety (90) days prior to the expiration of the term of a Member who had

been appointed by the Board from candidates provided by the Corporate Governance Committee (an “Existing Board Member”), the Secretary shall request that the Corporate Governance Committee assess the requirements of the Board and seek candidates for appointment as Members. The Corporate Governance Committee shall propose the names of three (3) candidates to the Board to replace such Existing Board Member, which names can include the name of the Existing Board Member if that Member is eligible to serve as a Member for another full term. The Board shall appoint one (1) of the three (3) candidates to replace such Existing Board Member.

d) General

- i) When soliciting names of candidates from each Appointer or Nominator, the Secretary shall also provide to the Appointer or Nominator a description of the knowledge, skill and experience then required of the Board as determined by the Corporate Governance Committee.
- ii) Each Appointer or Nominator shall provide to the Secretary the names of such candidates within forty-five (45) days from receipt of the notice of the Secretary soliciting candidates.
- iii) The Secretary shall inform a Municipal Nominator forthwith in the event that the Corporate Governance Committee determines that some or all of the candidates proposed by the Municipal Nominator do not have the knowledge, skills and expertise required by the Board; or receives the names of less than three (3) candidates from a Municipal Nominator. The Municipal Nominator and the Corporate Governance Committee shall then proceed to identify other candidates proposed by Non-Governmental Nominators, or such other candidates as may be agreed to, who are resident within or who are employed within the jurisdiction of the Municipal Nominator, who would be acceptable to the Municipal Nominator and would meet the requirements of the Board. The Corporate Governance Committee shall recommend to the Board the name of a candidate that is acceptable to the Municipal Nominator and the Corporate Governance Committee.
- iv) If the Corporate Governance Committee and the Municipal Nominator are unable to agree on a candidate prior to the date of the Meeting of the Board held to appoint Members of the Corporation, the Board may, within forty-five (45) days after the date for the appointment of the Member, proceed to appoint a person whose principal residence is or who is employed in the jurisdiction of the Municipal Nominator as a Member. In making the appointment, the Board shall act reasonably having regard to the concerns and priorities expressed by the Municipal Nominator. The Member so appointed shall be deemed to have been appointed on the basis of a candidate provided by the Municipal Nominator.

- v) If the Secretary receives the names of less than three (3) candidates from the Non-governmental Nominators in respect of each Existing Non-governmental Member to be replaced within the forty-five (45) days specified in Section 4.4(d)(ii) above, then the Board shall proceed to replace the Existing Non-governmental Member, as appropriate, in accordance with the provisions of Section 4.4(c).
- vi) If the Secretary does not receive the names of the Federal Appointee or the Provincial Appointee within the forty-five (45) days specified in Section 4.4(d)(ii) above, the Existing Federal Member or the Existing Provincial Member, as appropriate, shall be deemed to continue to be the Member appointed by the Appointer for an additional three (3) year term if the Member is eligible to serve as a Member for another full term. If the Member is not so eligible, the position shall remain vacant until such time as the Appointer appoints a Federal or Provincial Appointee to replace the Existing Federal Member or the Existing Provincial Member, as the case may be. Such Federal or Provincial Appointee shall serve a term equal to the balance of the term that would otherwise have been served by the Federal or Provincial Appointee had such person been appointed in accordance with Section 4.2 (d).

#### **4.5 Requirements of the Board**

In recommending candidates for appointment by the Board as a Member, the Corporate Governance Committee shall have regard to the knowledge, skill and experience required of the Board from time to time and the regional distribution of the principal residences of the Members. The knowledge, skill and experience required by the Board shall include, without limitation, experience in the fields of law, engineering, accounting, management and air transportation industry management. The Corporate Governance Committee shall ensure that at least one financial expert is a Member of the Corporation.

#### **4.6 Terms of Members**

All persons appointed as Members shall, subject to Sections 4.4(d)(iv), 4.8 and 4.9, be appointed as Members for a term of office of three (3) years commencing upon the conclusion of the Annual Public Meeting of the Corporation in the year of appointment. No Member may serve as a Member for more than nine (9) years following December 2, 1996.

#### **4.7 Transfer of Membership**

Membership in the Corporation is not transferable.

#### **4.8 Termination of Membership**

- a) Membership in the Corporation automatically terminates upon the happening of any of the following events:
  - i) If a Member resigns, in writing, as a Member of the Corporation;
  - ii) If a Member dies;
  - iii) If a Member's membership is terminated in accordance with Section 4.9;  
or
  - iv) If a Member breaches any of the requirements listed in Section 4.3;

(collectively, the "Retiring Member")
- b) Upon a Member's membership so terminating, the provisions of Section 4.4 shall apply to the appointment by the Board, or, in the case of the Federal and Provincial Appointees, by Her Majesty the Queen in Right of Canada and Her Majesty the Queen in Right of Ontario, of a Member to replace the retiring Member (the "Replacement Member"). The Replacement Member shall become a Member on the date on which the Replacement Member is appointed as a Member by the Board and shall serve for the balance of the term of membership of the Retiring Member. Upon the expiration of the balance of the term of the membership of the Retiring Member, the Replacement Member shall be eligible to serve for only two (2) terms. Notwithstanding the foregoing, in the event the retirement of the Member occurs within one (1) year of the date when the Member's term would otherwise have expired, the Board shall fill the vacancy in the manner set out in Section 4.4 at the Board meeting specified in Section 4.2 (d).

#### **4.9 Removal of a Member**

- a) The Members may, by vote of not less than ten (10) Members, terminate the membership of a Member for cause. That Member's membership shall terminate effective on the date of such determination. Notice of a meeting of the Members for the removal of a Member shall state such purpose and the name of the Member concerned. The Member shall be entitled a reasonable opportunity to be heard. Upon a Member's membership being terminated in accordance with the foregoing, the vacancy so created shall, provided the date of termination described above does not occur within one (1) year of the date when the Member's term would have otherwise expired, be filled in the manner set out in Section 4.4. In the event the date of termination occurs within one (1) year of the date when the Member's term would otherwise have expired, the Board shall fill the vacancy in the manner set out in Section 4.4 at the Board meeting specified in Section 4.2 (d).

- b) In addition, Her Majesty the Queen in Right of Canada may terminate membership of the Federal Appointee and Her Majesty the Queen in Right of Ontario may terminate the membership of the Provincial Appointee for cause.
- c) For the purpose of this Section 4.9 “cause” shall include, without limitation, theft, fraud or conduct of a similar nature or character, sexual harassment, intoxication, public disclosure of confidential information relating to the Corporation, breach of the Conflict of Interest or Code of Conduct rules set forth in Sections 6.12 and 6.13 respectively, conduct which brings the reputation of the Corporation into disrepute and non-attendance at: three (3) consecutive Board meetings, three (3) consecutive meetings of a committee of the Board or six (6) Board meetings in a calendar year, all without the consent of the Board.

#### **4.10 Membership Dues**

There shall be no membership fees, dues or levies.

#### **4.11 Non-Liability of Nominators or Appointers and Failure to Nominate**

Neither the Nominators nor the Appointers shall be liable for any claims arising out of their;

- i) failing to provide the names of appointees or candidates as required in Section 4.4; or
- ii) involvement with the Corporation in the manner contemplated by this by-law.

#### **4.12 Addition or Removal of Nominators**

- a) Additional entities may be added or removed as Nominators upon:
  - i) The approval of a resolution of the Directors passed by two-thirds or more of the votes cast by the Directors voting on such resolution; and
  - ii) The written approval of the Minister;
- b) In the event that a Non-Governmental Nominator fails to provide the requisite number of candidates in three (3) consecutive years, it shall cease automatically to be a Nominator without the need for the approval of the Board or the written approval of the Minister.

**ARTICLE 5  
ELECTION/APPOINTMENT OF BOARD**

**5.1 Directors**

Every person who is a Member shall be an ex officio Director of the Corporation. The size of the Board shall be equal to the number of Members from time to time. Upon a person ceasing to be a Member, such person shall automatically cease to be a Director of the Corporation.

**ARTICLE 6  
BOARD OF DIRECTORS**

**6.1 Powers of the Board**

The Board shall have the power to and shall administer the affairs of the Corporation in all things and make or cause to be made for the Corporation, in its name, any kind of contract which the Corporation may lawfully enter into and, save as hereinafter provided, generally, may exercise all other powers and do all other acts and things as the Corporation is by its charter, the Act or otherwise authorized to exercise and do. Without limiting the generality of the foregoing, the Board shall have the power to:

- (a) raise and make expenditures of funds for the purpose of furthering the objects of the Corporation;
- (b) enter into a trust arrangement with a trust company for the purpose of creating a trust fund in which the capital and interest may be made available for the purpose of establishing a reserve for the benefit of the Corporation, in accordance with such terms as the Board may prescribe;
- (c) constitute such committees of the Corporation as the Board, from time to time, considers necessary to assist in carrying out the objects of the Corporation, and to appoint the Chair and members of such committees;
- (d) appoint the officers of the Corporation and may delegate by resolution to an officer or officers of the Corporation the right to employ and pay salaries to employees of the Corporation; and
- (e) appoint such agents as it deems necessary from time to time and those agents shall have such authority and shall perform such duties as are prescribed by the Board at the time of their appointment.

**6.2 Quorum and Meetings**

- (a) Save and except as provided in Section 17.10, a majority of the Directors in office shall form a quorum for the transaction of business. No business, other than the

adjournment of the meeting, shall be transacted at any meeting of the Board unless a quorum is present at the meeting and, unless adjourned, a meeting at which a quorum is not present shall be dissolved.

- (b) Except as otherwise required by law, the Board may hold its meetings at such place or places as it may from time to time determine.
- (c) A Director may participate in a meeting of the Board or a committee of the Board by means of a telephone conference call which permits all persons participating in the meeting to communicate adequately with each other, and a Director participating in a meeting by such means shall be deemed for all purposes to be present at the meeting. The Board may provide that a Director may receive a reduced fee for participating in a meeting by telephone conference call.
- (d) No formal notice of any meeting of the Board shall be necessary if all of the Directors are present, or if those absent signify their consent to the meeting being held in their absence. Such consent may be given before, during or after the meeting.
- (e) Meetings of the Board may be formally called by the Chair of the Board or by the Secretary on direction of the Chair of the Board, or by the Secretary on direction in writing of two (2) Directors. Notice of such meeting shall be delivered, telephoned, faxed or e-mailed to each Director not less than two (2) days before the meeting is to take place or shall be mailed to each Director not less than seven (7) days before the meeting is to take place. Notice shall be sent to the last telephone number, facsimile number, e-mail address or street address of a Director recorded in the records of the Corporation. The statement of the Secretary or Chair of the Board that notice has been given pursuant to this subsection shall be sufficient and conclusive evidence of the giving of such notice.
- (f) The Board may appoint a day or days in any month or months for regular meetings at an hour to be named and no notice need be sent for such regular meetings.
- (g) The Directors may consider or transact any business either special or general at any meeting of the Board.
- (h) A meeting of the Board may be adjourned from time to time and place to place, but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for forty-five (45) days or more, notice of the adjourned meeting shall be given as in the case of the original meeting. Except as provided in this subsection, it is not necessary to give notice to the Directors of an adjourned meeting or of the business to be transacted at an adjourned meeting.

### **6.3 Errors or Omissions in Notice**

No error or accidental omission in giving notice for a meeting of the Board shall invalidate such meeting or invalidate or make void any proceedings taken or held at such meeting and any Director may at any time waive notice of any such meeting and may ratify and approve of any or all of the proceedings taken at such meeting.

### **6.4 Voting**

- (a) Except as otherwise provided herein, questions arising at any meeting of Directors shall be decided by a majority of votes.
- (b) In the case of an equality of votes, the Chair shall not have a second or casting vote.
- (c) All votes at Director's meetings shall be taken by ballot if demanded by any Director present, and if no demand is made, the vote shall be taken in the usual way by assent or dissent. A declaration by the Chair that a resolution has been carried and an entry to that effect in the minutes shall be admissible in evidence as prima facie proof of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- (d) In the absence of the Chair of the Board at a Directors' meeting, his duties may be performed by such other Director as the Board may from time to time appoint for the purpose.

### **6.5 Resolution in Writing**

A resolution in writing signed by all of the Directors then in office shall be as valid and effectual as if it had been passed at a duly called and constituted meeting of the Board.

### **6.6 Indemnities to Directors and Others**

The Corporation shall indemnify and save harmless every:

- (a) Director and former Director;
- (b) officer and former officer of the Corporation,

and their respective heirs, executors and administrators, from and against:

- (i) all costs, charges and expenses (including, without limitation, an amount paid to settle an action or satisfy a judgment) which such person sustains or incurs in any action, suit or proceeding which is brought, commenced

or prosecuted against him for or in respect of any act, deed, matter or thing whatsoever made, done or permitted by him to be done in or about the execution of the duties of his office; and

- (ii) all other costs, charges and expenses which such person sustains or incurs in or about or in relation to the affairs the Corporation, except the costs, charges or expenses occasioned by his own willful neglect or default.

The indemnity authorized by this section shall be applicable only to the extent that such indemnity shall not duplicate any indemnity or reimbursement which the person seeking indemnity hereunder has received or shall receive otherwise than by virtue of this section.

#### **6.7 Contracts of Indemnity**

The Board may from time to time cause the Corporation to enter into a contract to indemnify any Director, officer, employee, agent or other person who has undertaken or is about to undertake any liability on behalf of the Corporation or any corporation controlled by it.

#### **6.8 Insurance**

The Board may cause funds to be expended by the Corporation for the purchase and maintenance of insurance for the benefit of any person who is or was a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Board as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise in which the Corporation has had an interest, against any Claims arising as a result of such person acting in such capacity.

#### **6.9 Protection of Directors and Officers**

The Directors and officers of the Corporation shall not be liable for the acts, neglects or defaults of any other Director or officer or employee or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency of any security in or upon which any of the money of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation with whom or which any monies, securities or effects of the Corporation shall be lodged or deposited or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her respective office unless the same shall happen by or through his own wrongful and willful act or through his or her own wrongful or willful neglect or default.

#### **6.10 Responsibilities for Acts**

The Directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the

name of or on behalf of the Corporation, except such as shall have been submitted to and authorized and approved by the Board.

### **6.11 Remuneration of Directors**

Directors may receive reasonable remuneration for their services, commensurate with their duties, together with reimbursement for all reasonable expenses necessarily incurred in fulfillment of their duties, the amount of such remuneration, if any, being determined by the Board from time to time.

### **6.12 Conflict of Interest**

Prior to accepting an appointment to the Board, a Nominee shall notify the Board and his Nominator in writing of any business activity by the Nominee or any associate, as defined in the *Canada Business Corporations Act*, of the Nominee which would pose an actual or perceived conflict of interest in his capacity as a Director. The Nominator may then decide to withdraw the nomination and, in any event, the Board shall then decide whether the Nominee shall be disqualified from appointment to the Board.

Every Member, Director and officer of the Corporation, in exercising his or her powers and discharging his or her duties, is required to act honestly and in good faith with a view to the best interests of the Corporation. Members, Directors and officers shall not put personal interests ahead of the best interests of the Corporation. When a Member's, Director's or officer's own interests are in conflict with his or her duty to the Corporation, the conflict must be disclosed and the person must refrain from voting on any resolution dealing with the matter giving rise to such conflict. A conflict of interest may arise if a Member, Director or officer:

- (a) makes a decision or does an act motivated by other or additional considerations than the best interests of the Corporation;
- (b) personally contracts with the Corporation or is a director or officer of another person which contracts with the Corporation; or
- (c) learns of an opportunity for profit which might be valuable either to the Member, Director or officer personally or to another person in which the Member, Director or officer has an interest.

A conflict of interest may arise, whether or not:

- (a) financial advantage has been or may have been received;
- (b) the judgment of the person has actually been affected or impaired by the conflict;
- (c) the conflict is actual or perceived;

- (d) there is an intention to obtain a personal benefit, either directly or indirectly;
- (e) there is any willful wrongdoing.

The duty to disclose conflicts of interest is ongoing and Members, Directors and officers of the Corporation must immediately provide written notice to the Chair if they presently are or if, in the future, they become involved in any interest, commercial or business dealing not referred to above, which would create a conflict of interest between the person and the Corporation. The Board shall then consider whether the appointment should be revoked. Any Director who is engaged in or is a member of a partnership, company or corporation engaged in any business or profession may, subject to the Act and the above conflict of interest guidelines, act in and be paid the usual professional fees and business charges for any professional work or other business required to be done in connection with the administration of the affairs of the Corporation.

### **6.13 Code of Conduct**

Members, Directors, officers and employees of the Corporation (collectively, the "Personnel") shall abide by the following code of conduct:

- (a) Personnel shall not engage in any activity, financial or otherwise, which is incompatible with the proper discharge of responsibilities assigned to or assumed by the Personnel. Placing oneself in a situation that may result in a conflict between one's personal interest and the interests of the Corporation is incompatible conduct;
- (b) Personnel must disclose any interest or activity which may give rise to a reasonable expectation of conflict. Personnel shall not accept a fee, gift or personal benefit, that is connected directly or indirectly with the performance of the Personnel or the responsibilities assigned to or assumed by the Personnel;
- (c) Personnel shall not use or disclose any confidential information for personal purposes gained in carrying out responsibilities assigned to or assumed by the Personnel. Information available to the general public is not considered confidential;
- (d) Personnel shall not use the influence of their position with the Corporation for any purpose other than carrying out their assigned or assumed responsibilities. Where any Personnel is involved in a decision or action in which he or she may have a personal interest in the outcome, such person must disclose the general nature of that interest to the Corporation;
- (e) Personnel shall not use the human, material or financial resources of the Corporation to conduct personal business or for any purpose that is not considered to serve the interests of Corporation;

- (f) Personnel shall abide by the legislation, regulations and administrative policies and procedures governing the operation of the Corporation and the conduct of its affairs; and
- (g) Each director shall carry out his or her fiduciary duty to act in the best interests of the Corporation notwithstanding his or her relationship with the Nominator who nominated him or her.

The above code of conduct and any proposed amendments thereto shall be provided to Nominators and the Appointers at least 30 days before each annual general meeting.

## **ARTICLE 7 OFFICERS OF THE CORPORATION**

### **7.1 Officers**

- (a) There shall be a Chair of the Board, a President, a Secretary and a Treasurer or in lieu of a Secretary and Treasurer, a Secretary-Treasurer and such other offices, including without limitation, honorary officers and vice-presidents, as the Board may determine from time to time;
- (b) One person may hold more than one office;
- (c) Save for the election of the Chair, the officers of the Corporation shall be appointed by resolution of the Board at the first Meeting of the Board following the Annual Public Meeting. In the absence of a written agreement to the contrary, the employment of all officers shall be settled from time to time by the Board; and
- (d) No officer of the Corporation need also be a Director, save and except for the Chair of the Board who shall be a Director.

### **7.2 Chair of the Board**

All Directors who are able to serve a full term as Chair either during the remainder of their current term, or are eligible to be appointed for a further term as a Member, are eligible to be elected as Chair of the Board. The Chair of the Board shall:

- (a) preside as Chair at all meetings of the Board, the Executive Committee (if any) and Members, when present;
- (b) have the other powers and duties from time to time prescribed by the Board or the Executive Committee (if any);
- (c) be an *ex officio* member of all committees of the Board;

- (d) not have been an elected government official or have been employed by, on a full time basis under contract, any federal, provincial or municipal government, department or agency, or to any corporation owned by Her Majesty the Queen in Right of Canada or any province of Canada, during the two years prior to his or her election as Chair;
- (e) be elected by a resolution passed by a simple majority vote of the Board at a Board of Director's meeting held in December of each year or such other time as may be determined by the Board. The Chair shall hold office for a term of one (1) year commencing on the first day of January in each year, or if so determined by the Board, for a term of two (2) years;
- (f) make recommendations to the Board of Directors at his or her first meeting as Chair as to the appointment of Directors to Board Committees; and
- (g) upon retirement as a Chair, such person shall become a member of the Corporate Governance Committee, as long as he or she is a Director.

### **7.3 President**

The President shall:

- (a) supervise the affairs and operations of the Corporation; and
- (b) have the other powers and duties from time to time prescribed by the Board or the Executive Committee (if any) or which are incident to the office of the President.

### **7.4 Vice-President**

A Vice-President (if any), shall:

- (a) during the absence or inability to act of the President, if so authorized by the President or the Board, exercise the President's powers and carry out the President's duties on the President's behalf; and
- (b) perform the duties from time to time prescribed by the Board or Executive Committee (if any) or which are incident to the office of vice-president.

### **7.5 Secretary**

The Secretary shall:

- (a) be ex officio clerk of the Board and- the Executive Committee (if any);

- (b) attend all meetings of the Board and the Executive Committee (if any) to record all facts and minutes of those proceedings in the books kept for that purpose;
- (c) give all notices required to be given to Members and to Directors;
- (d) be the custodian of the corporate seal of the Corporation and of all books, papers, records, correspondence and documents belonging to the Corporation; and
- (e) perform the other duties from time to time prescribed by the Board or the Executive Committee (if any) or which are incident to the office of Secretary.

## **7.6 Treasurer**

The Treasurer shall:

- (a) keep full and accurate accounts of all receipts and disbursements of the Corporation in proper books of accounts;
- (b) deposit all monies or other valuable effects in the name and to the credit of the Corporation in the bank or banks from time to time designated by the Board or Executive Committee (if any);
- (c) disburse the funds of the Corporation under the direction of the Board or Executive Committee (if any), taking proper vouchers therefor and shall render to the Board or Executive Committee (if any), whenever required of him, an account of all such transactions as Treasurer and of the financial position of the Corporation;
- (d) cooperate with the auditors of the Corporation during any audit of the accounts of the Corporation; and
- (e) perform the other duties from time to time prescribed by the Board or Executive Committee (if any) or which are incident to the office of Treasurer.

## **7.7 Other Officers**

The duties of all other officers of the Corporation shall be those which the terms of their engagement call for or which may be otherwise specified by the Board or the Executive Committee (if any).

## **ARTICLE 8 EXECUTIVE COMMITTEE**

### **8.1 Constitution**

The Board may from time to time elect from among its number an Executive Committee consisting of such number of persons, but not less than three, as the Board may by resolution determine, provided that at all times one member on the Executive Committee shall be the Chair of the Board. Each member of the Executive Committee shall serve during the pleasure of the Board and, in any event, only so long as he or she shall be a Director. The Board may fill vacancies in the Executive Committee by election from among its number. If and whenever a vacancy shall exist in the Executive Committee, the remaining members may exercise all of its powers as long as its quorum remains in office.

### **8.2 Powers**

During the intervals between the meeting of the Board, the Executive Committee shall possess and may exercise (subject to any regulations or restrictions which the Board may from time to time impose) all of the powers of the Board in connection with the management and direction of the affairs and business of the Corporation in such manner as the Executive Committee deems best for the interests of the Corporation.

### **8.3 Procedures**

Subject to the Letters Patent and sections 8.4, 8.5 and 8.6 and to any regulations imposed from time to time by the Board, the Executive Committee may fix its own rules of procedure from time to time. Until the Executive Committee fixes its own rules of procedure, the meetings of the Executive Committee shall (except as otherwise provided for herein) be governed by the provisions of the By-laws for regulating the meetings of the Board insofar as they are applicable thereto and not superseded by any rules of procedure fixed by the Executive Committee, provided that no such rules of procedure shall have the effect of lessening the minimum period of notice for the calling of meetings required by section 6.2(e). The Executive Committee shall keep minutes of its meetings in which shall be recorded all action taken by it and such minutes shall be inserted in the minute book of the Corporation.

### **8.4 Quorum**

A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business at meetings of the Executive Committee. No business may be transacted by the Executive Committee except at a meeting of its members at which a quorum of the Executive Committee is present.

### **8.5 Place of Business**

The meetings of the Executive Committee may be held at the head office of the Corporation or at any other place within or outside Ontario as specified in the notice calling a meeting.

## **8.6 Other Directors Present**

Each Director shall be entitled to speak (but not to vote, unless he has been elected to the Executive Committee) at any meeting of the Executive Committee at which he is present. However, no Director who has not been elected to the Executive Committee shall be entitled to notice of any meeting of the Executive Committee, and his or her presence shall not be included for the purpose of calculating a quorum.

## **ARTICLE 9 MEMBERS' MEETINGS**

### **9.1 Annual Meeting**

Notwithstanding the foregoing, in each year the Annual Members Meeting shall occur prior to the Annual Public Meeting. The Annual Members Meeting shall be held each year within Ontario, at a time, place and date determined by the Board, for the purpose of:

- (a) receiving the report of the Directors, the financial statements and the report of the Corporation's auditors;
- (b) appointing the auditor and fixing or authorizing the Board to fix its remuneration; and
- (c) transacting any other business properly brought before the meeting.

### **9.2 Quorum and Meetings**

- (a) Save and except as provided in Section 17.10, a majority of the Members shall form a quorum for the transaction of business. No business, other than the adjournment of the meeting, shall be transacted at any meeting of Members unless a quorum is present at the meeting and, unless adjourned, a meeting at which a quorum is not present shall be dissolved.
- (b) Except as otherwise required by law, the Members may hold their meetings at such place or places as they may from time to time determine.
- (c) A Member may participate in a meeting of Members by means of a conference telephone or other communications facility which permits all persons participating in the meeting to hear and speak to each other, and a Member participating in a meeting by such means shall be deemed for all purposes to be present at the meeting. The Members may provide that a Member may receive a reduced fee for participating in a meeting by conference telephone or other communications facility.

- (d) No formal notice of any meeting of Members shall be necessary if all of the Members are present, or if those absent signify their consent to the meeting being held in their absence. Such consent may be given before, during or after the meeting.
- (e) Meetings of Members may be formally called by the Chair or by the Secretary on direction of the Chair, or by the Secretary on direction in writing of two (2) Members. Notice of such meeting shall be delivered, telephoned, faxed or e-mailed to each Member not less than two (2) days before the meeting is to take place or shall be mailed to each Member not less than seven (7) days before the meeting is to take place. Notice shall be sent to the last telephone number, facsimile number, e-mail address or street address of a Member recorded in the records of the Corporation. The statement of the Secretary or Chair that notice has been given pursuant to this subsection shall be sufficient and conclusive evidence of the giving of such notice.
- (f) The Members may appoint a day or days in any month or months for regular meetings at an hour to be named and no notice need be sent for such regular meetings.
- (g) The Members may consider or transact any business either special or general at any meeting of Members.
- (h) A meeting of Members may be adjourned from time to time and place to place, but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for forty-five (45) days or more, notice of the adjourned meeting shall be given as in the case of the original meeting. Except as provided in this subsection, it is not necessary to give notice to the Members of an adjourned meeting or of the business to be transacted at an adjourned meeting.

### **9.3 Errors or Omissions in Notice**

No error or accidental omission in giving notice for a meeting of Members shall invalidate such meeting or invalidate or make void any proceedings taken or held at such meeting and any Member may at any time waive notice of any such meeting and may ratify and approve of any or all of the proceedings taken at such meeting.

### **9.4 Voting**

- (a) Except as otherwise provided herein or by the Act, questions arising at any meeting of Members shall be decided by a majority of votes.
- (b) In the case of an equality of votes, the Chair shall not have a second or casting vote.

- (c) All votes at Members' meetings shall be taken by ballot if demanded by any Member present, and if no demand is made, the vote shall be taken in the usual way by assent or dissent. A declaration by the Chair that a resolution has been carried and an entry to that effect in the minutes shall be admissible in evidence as prima facie proof of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- (d) In the absence of the Chair at a Members' meeting, his duties may be performed by such other Member as the Members may from time to time appoint for the purpose.

#### **9.5 Resolution in Writing**

A resolution in writing signed by all of the Members shall be as valid and effectual as if it had been passed at a duly called and constituted meeting of Members provided such resolution does not deal with matters required by the Act to be dealt with at a meeting of Members.

#### **9.6 Liability of Members**

Members shall not, as such, be liable for any act, default, obligation or liability of the Corporation or for any claim, payment, loss, injury, transaction, matter or thing relating to or connected with the Corporation.

### **ARTICLE 10 FINANCIAL YEAR**

#### **10.1 Financial Year**

The fiscal year end of the Corporation shall be determined by the Board from time to time.

### **ARTICLE 11 EXECUTION OF DOCUMENTS**

#### **11.1 Cheques, Drafts, Notes, etc.**

All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by any two (2) Directors or officers.

#### **11.2 Execution of Documents**

Documents requiring execution by the Corporation shall be signed by any two (2) Directors or officers. The corporate seal of the Corporation shall, when required, be affixed to documents executed in accordance with the foregoing.

### **11.3 Securities**

Any two (2) Directors or officers (or such other person or persons as the Board may otherwise direct from time to time) may transfer any and all shares, bonds or other securities from time to time standing in the name of the Corporation in its individual or any other capacity or as trustee or otherwise and may accept in the name and on behalf of the Corporation transfers of shares, bonds or other securities from time to time transferred to the Corporation and may affix the corporate seal to any such transfers or acceptances of transfers, and may make, execute and deliver under the corporate seal any and all instruments in writing necessary or proper for such purposes, including the appointment of an attorney or attorneys to make or accept transfers of shares, bonds or other securities on the books of any company or corporation.

### **11.4 Power of Board**

Notwithstanding any provisions to the contrary contained in the Corporation's by-laws, the Board may at any time by resolution direct the manner in which, and the person or persons by whom, any particular document, instrument, contract, cheque, negotiable instrument or obligations of the Corporation may or shall be executed.

## **ARTICLE 12 BOOKS AND RECORDS, AUDIT AND ACCOUNTING**

### **12.1 Books and Records**

The Board shall cause to be kept all necessary and proper books and records of the Corporation, including, without limitation, those required by the Act.

### **12.2 Inspection**

The books and records of the Corporation shall be available for the inspection of any Director at any time during normal business hours.

### **12.3 Financial Statements**

The Board shall, at least once in every fiscal year, cause financial statements of the Corporation to be prepared and audited. The financial statements shall be prepared in accordance with generally accepted accounting principles.

### **12.4 Auditor**

- (a) No Director, officer or employee of the Corporation shall be entitled to be appointed as the Corporation's auditor.
- (b) The Board shall fill any vacancy occurring in the office of auditor within a

reasonable period of time following the occurrence of the vacancy.

- (c) The auditor shall receive notice of all Members' meetings and shall be entitled to attend such meetings.
- (d) The auditor shall audit the accounts of the Corporation in accordance with generally accepted auditing practices and shall report to the Members at the Annual Meeting of the Members.

### **12.5 Independent Auditor Appointed by Transport Canada**

Transport Canada shall at any time have the right to cause a complete audit to be done by an independent auditor on the Corporation's books, records, financial statements or other business affairs, records or procedures of the Corporation.

## **ARTICLE 13 BANKING ARRANGEMENTS**

### **13.1 Banking**

The Board shall designate, by resolution, the officers and other persons authorized to transact the banking business of the Corporation, or any part thereof, with a bank, trust company or other corporation carrying on a banking business that the Board has designated as the Corporation's banker which persons shall have the authority set out in the resolution, including, unless otherwise restricted, the power to:

- (a) operate the Corporation's accounts with the bankers;
- (b) make, sign, draw, accept, endorse, negotiate, lodge, deposit or transfer any of its cheques, promissory notes, drafts, acceptances, bills of exchange or orders for the payment of money;
- (c) issue receipts for and orders relating to any property of the Corporation;
- (d) execute any agreement relating to any banking business and defining the rights and powers of the parties thereto; and
- (e) authorize any officer of the bank to do any act or thing on the Corporation's behalf to facilitate the banking business.

### **13.2 Deposit of Securities**

The securities of the Corporation shall be deposited for safe keeping with one or more bankers, trust companies or other financial institutions to be selected by the Board. Any and all securities

so deposited may be withdrawn, from time to time, only upon the written order of the Corporation signed by such officer or officers, agent or agents of the Corporation, and in such manner, as shall from time to time be determined by resolution of the Board and such authority may be general or confined to specific instances. The institution which may be so selected as custodians shall be fully protected in acting in accordance with the directions of the Board and shall in no event be liable for the due application of the securities so withdrawn from deposit or the proceeds thereof.

## **ARTICLE 14 BORROWING BY THE CORPORATION**

### **14.1 Borrowing**

The Directors of the Corporation may from time to time:

- (a) borrow money on the credit of the Corporation;
- (b) limit or increase the amount to be borrowed;
- (c) issue debentures or other securities of the Corporation;
- (d) pledge or sell such debentures or other securities for such sums and at such prices as may be deemed expedient; and
- (e) secure any such debentures, or other securities, or any other present or future borrowing or liability of the Corporation, by mortgage, hypothec, charge or pledge of all or any currently owned or subsequently acquired real and personal, moveable and immovable, property of the Corporation, and the undertaking and rights of the Corporation

Nothing herein limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

### **14.2 Authorization**

From time to time the Directors may authorize any Director or officer of the Corporation to make arrangements with reference to the money borrowed or to be borrowed as aforesaid and as to the terms and conditions of a loan thereof, and as to the security to be given therefore, with power to vary or modify such arrangements, terms and conditions and to give such additional security for any monies borrowed or remaining due by the Corporation as the Directors may authorize, and generally to manage, transact and settle the borrowing of money by the Corporation.

### **14.3 Deeming Provision**

The powers hereby conferred shall be deemed to be in supplement of and not in substitution for

any powers to borrow money for the purposes of the Corporation possessed by its Directors or officers independently of a borrowing by-law.

## **ARTICLE 15 NOTICE**

### **15.1 Computation of Time**

In computing the date when notice must be given under any provision of the By-laws requiring a specified number of days' notice of any meeting or other event, the date of giving the notice is, unless otherwise provided, included.

### **15.2 Omissions and Errors**

The accidental omission to give notice of any meeting of the Board or Members or the non-receipt of any notice by any Director or Member or by the auditor of the Corporation or any error in any notice not affecting its substance does not invalidate any resolution passed or any proceedings taken at the meeting. Any Director, Member or the auditor of the Corporation may at any time waive notice of any meeting and may ratify and approve any or all proceedings taken thereat.

## **ARTICLE 16 BY-LAWS AND AMENDMENTS, ETC.**

### **16.1 Enactment/Repeal Amendment**

Save and except for any proposed enactment, repeal, amendment, alteration, addition or re-enactment of Section 17.10, which shall require the approval of twelve (12) Directors at a meeting held for such purpose, the by-laws of the Corporation may be enacted, repealed, amended, altered, added to or re-enacted by a resolution of the Board confirmed by a resolution of the Members and shall only become effective upon such confirmation by the Members, provided that any such repeal or amendment shall not be enforced or acted upon until the approval of the Minister of Industry has been obtained. In addition, no provision of this By-law relating to any principle listed in the "Public Accountability Principles for Canadian Airport Authorities" released by the Minister on July 13, 1994 shall be amended until the written consent of the Minister is first obtained.

## **ARTICLE 17 MISCELLANEOUS MATTERS**

### **17.1 Annual Report**

The Directors shall produce an annual written report containing, among other things:

- (a) the Corporation's financial statements and annual auditor's report for the

Corporation's previous fiscal year;

- (b) a summary of the Corporation's affairs during the Corporation's previous fiscal year;
- (c) a report on the performance of the Corporation relating to the Corporation's business plan and objectives for the Corporation's previous fiscal year and, as applicable, the Corporation's previous five fiscal years, with an explanation of any significant variances between such performance and the Corporation's business plan and objectives and any corrective action taken by the Corporation to address such variances;
- (d) a summary of the Corporation's business plan for the Corporation's forthcoming fiscal year and forthcoming five-year period, including specific objectives (measurable where feasible), relating to the objects of the Corporation in the Corporation's letters patent, as amended and supplemented from time to time;
- (e) a report of the Corporation's compliance and non-compliance, if any, with the conflict of interest principles contained in section 6.12;
- (f) the remuneration of each Director and the salary range of the Corporation's senior officers; and
- (g) a list of contracts the Corporation has entered into during the past year (including the name of the contractor, the circumstances of each such contract, the reasons such contract was granted without a public tender process and any other information the Corporation believes may be relevant to the public) (i) which were for goods, services or consideration in excess of \$75,000 (subject to an annual adjustment for inflation according to the Consumer Price Index based on 1994 dollars) that were not awarded pursuant to the public tender process described in section 17.3 or (ii) for which notice was given to the Minister pursuant to section 17.5.

The annual written report for the previous fiscal year shall be sent to each Nominator, the Appointers and the Minister prior to the date of the Annual Public Meeting shall be tabled at such meeting and shall be available to the public in accordance with section 17.7.

## **17.2 Annual Public Meeting**

Within 135 days of the end of each fiscal year or thereafter at such time as the Board decides, the Corporation shall hold the Annual Public Meeting in premises that are adequate for the size of the audience that may reasonably be anticipated, on or near the Airport Properties. The Corporation shall publish in local media of the City of Toronto and the Regional Municipalities of Peel, York, Durham and Halton notice of each such public meeting, not less than thirty days prior to the date of such public meeting. The public meeting shall be open to all members of the

public. The Corporation shall afford reasonable opportunity for the asking of questions and the expression of views in respect of the Corporation's operations and affairs. The Corporation shall ensure that at least a majority of the Board is present at each public meeting, including the Chair of the Board and the President of the Corporation. The Corporation shall present to such meeting copies of the report described in section 17.1 for its previous fiscal year.

### **17.3 Public Tenders**

- (a) Goods, services and construction contracts in excess of a total value of \$75,000 (subject to an annual adjustment for inflation according to the Consumer Price Index based on 1994 dollars) shall be awarded following a competitive public tendering process except as may be otherwise determined by the Board having regard to what may be efficient and practicable.
- (b) During any tendering of goods, services or construction contracts, the Corporation shall, to the extent practicable and with due consideration to Canada's international obligations, endeavour to optimize Canadian content and industrial benefits in the Corporation's procurement of goods, services and construction contracts, consistent with reasonable private sector commercial practices, when there is sufficient competition for such procurement in the Canadian market.

### **17.4 Community Consultative Committee**

The Corporation shall establish a Community Consultative Committee which shall be an advisory committee to the Corporation to provide effective dialogue regarding the operation by the Corporation of the Airport Properties. The Community Consultative Committee shall meet not less than twice each year and shall generally be representative of the community, including persons capable of representing the interests of consumers, particularly the travelling public and organized labour.

### **17.5 Non-Arm's Length Transactions**

The Corporation shall give notice to the Minister of every proposed non-arm's length contract with the Corporation for the use or occupancy of the Airport Properties. Before any such contract is entered into by the Corporation, the Corporation must first receive the Minister's approval that the terms and conditions of such contract would produce for the Corporation gross revenues equivalent to that from an arm's length use and occupancy of the Airport Properties.

### **17.6 Public Notice of Changes in User Charges**

The Corporation shall publish in local media of the City of Toronto and the Regional Municipalities of Peel, York, Durham and Halton notice of any planned increase in user charges (excluding rents) associated with the Airport Properties, not less than sixty days prior to the date of the planned increase. The notice shall include among other information, an explanation justifying such increase.

### **17.7 Public Access to Documents**

Upon request by any person, the Corporation shall make available, within a reasonable period of time after such request, for examination at its head office during normal business hours and free of charge, the following documents:

- (a) a summary of the Corporation's current business plan for a five year period;
- (b) the most recent and previous annual financial statements of the Corporation and of each of its subsidiaries and of each corporation whose accounts are consolidated in the Corporation's financial statements, all with the accompanying auditors' reports;
- (c) the Corporation's five most recent annual reports referred to in section 17.1;
- (d) summaries of the Corporation's five most recent business plans;
- (e) all reports reviewing the Corporation's management, operations and financial performance referred to in section 17.8;
- (f) the most current airport master plan for the Airport Properties;
- (g) the Corporation's letters patent and by-laws, including any amendments and supplements thereto; and
- (h) all signed airport transfer agreements relating to the transfer of any Airport Properties.

The Corporation shall provide to any person, upon payment of a reasonable fee by such person, a copy of any document or portion of any document referred to above.

### **17.8 Performance Review**

At least once in every five (5) year period (the first of which shall commence on the date that the Letters Patent were issued), and from time to time as a majority of the Board or a majority of the Nominators may direct, the Corporation shall retain a recognized independent consulting firm (the "Consultant") to conduct a review of the Corporation's management, operations and financial performance. The Consultant shall prepare a written report containing their findings and shall submit such report to the Board. The report shall include, but may not be limited to, the following:

- (a) the terms of reference of the performance review;
- (b) the extent to which the Corporation has been operating a safe and efficient service

to the public and an efficiently run undertaking in accordance with its business plans and purposes listed in the Letters Patent;

- (c) the extent to which financial and management control, information systems and management practices have been maintained in a manner that provides reasonable assurance that (i) the assets of the Corporation have been safeguarded and controlled, (ii) the financial, human and physical resources of the Corporation have been managed economically and efficiently and (iii) the Corporation's operations have been carried out effectively;
- d) any further information that is reasonably required by any Nominator or a majority of the Board; and
- (e) any concerns or qualifications that the Consultants have with respect to any matter described in this Section.

The final results of the Consultant's report shall be available to the public on request. If the Consultant's report contains a finding that the Board or management of the Corporation:

- (a) have acted improperly;
- (b) have not generally conducted the affairs of the Corporation in accordance with the Corporation's Letters Patent or By-laws; or
- (c) are not conducting the affairs of the Corporation in a manner that will likely achieve the objects of the Corporation, then, in any such case, the Board shall convene a meeting of the Board and the Consultant to discuss the Consultant's report and to determine the course of action to be taken to resolve the problems disclosed by the Consultant's report. The Consultant's report shall be provided to the Minister within six months after the review is commenced. The Consultant's report and a summary of the Consultant's report, excluding commercially confidential material or personnel information of a private nature, must be provided to each Nominator within six months after the review is commenced.

#### **17.9 Meetings between the Corporation, the Nominators and Appointers**

- (a) The Corporation shall, within 135 days after the end of each fiscal year of the Corporation, convene a meeting between the Corporation and the Authorized Representative of each of the Nominators and the Appointers, or such other person as a Nominator or an Appointer may select. The only persons entitled to attend such meeting shall be the representatives of the Corporation, the Authorized Representatives of each of the Nominators and the Appointers (or such other person as a Nominator or an Appointer may select) and those persons who are invited by both the Corporation and the Nominators and the Appointers. The Corporation shall ensure that at least one-third of its Directors are in

attendance at such meeting. The Corporation shall present to the meeting copies of:

- (i) the annual financial statements for the immediately preceding fiscal year;
  - (ii) the auditor's report on the annual financial statements for the immediately preceding fiscal year;
  - (iii) the report described in section. 17.1; and
  - (iv) a statement of the Corporation's operational goals for the current fiscal year.
- (b) In addition to the meeting described in section 17.9, the Corporation shall, at the request of any Nominator or Appointer, convene a meeting between the Corporation and the Authorized Representative of each of the Nominators and the Appointers, or such other person as a Nominator or an Appointer may select to respond to questions, including matters arising from the performance reviews contemplated in Section 17.8, or matters of public interest concerning the Corporation's business. The request of a Nominator or an Appointer shall state the general nature of the business to be discussed at the meeting. The only persons entitled to attend such meeting shall be the representatives of the Corporation (including Directors and officers of the Corporation), the Authorized Representatives of each of the Nominators and the Appointers (or such other person as a Nominator or an Appointer may select) and those persons who are invited by both the Corporation, the Nominators and the Appointers. The Chair of the Board shall attend each such meeting.

#### **17.10 Investment in Off-Airport Projects or Undertakings**

- (a) Any direct or indirect investment, expenditure or assumption of liability (contingent or otherwise) whether by way of purchase, lease, finance or other form of arrangement or transaction by the Corporation in any project or undertaking not located upon the Airport Properties, save and except for leases or licenses of space or facilities required for noise monitor stations or air navigation equipment, requires the approval of twelve (12) Directors at a meeting of the Board held for such purpose; and
- (b) The creation or incorporation by the Corporation of any subsidiary whose General Operating By-law does not contain a provision equivalent to Section 17.10(a) requires the prior approval of twelve (12) Directors at a meeting of the Board held for such purpose.

### **17.11 Corporate Governance Committee**

The Board shall establish a Corporate Governance Committee whose mandate shall be determined by the Board from time to time, which mandate shall include, without limitation, the following duties:

- (a) reviewing on an ongoing basis matters relating to the corporate governance of the Corporation, including the effectiveness of the Board, other committees of the Board and individual directors;
- (b) identifying the knowledge, skill and experience requirements of the Board as a whole;
- (c) identifying the knowledge, skill and experience requirements needed by the Board from time to time and communicating these requirements to the Appointers and the Nominators.
- (d) making recommendations to the Board of candidates for appointment as Members from among the names of candidates provided by Nominators;
- (e) making recommendations to the Board of candidates for appointment as Members;
- (f) establishing the orientation program for new Members; and
- (g) establishing a succession plan for Directors and officers.