



KEYSTONE POTATO PRODUCERS ASSOCIATION

ADMINISTRATION BY-LAW

Enacted pursuant to the Manitoba Processing Potato Marketing Plan Regulation (hereinafter referred to as the “Plan”) being Manitoba Regulation 206/2006.

Be it enacted and it is enacted as a By-law of Keystone Potato Producers Association (herein referred to as the “Producer Board”) as follows:

DEFINITION

1. In this By-law:

“registered producer” includes each registered producer and each designated representative where the context may require.

DESIGNATED REPRESENTATIVES

- 2.(1) Each registered producer which is a corporation and each registered producer which is a partnership may appoint a designated representative to attend meetings of registered producers including Annual General Meetings and Special General Meetings, and to vote at such meetings on behalf of the corporation or partnership.
- (2) The appointment of a designated representative shall be subject to the following rules:
 - (a) The appointment of a designated representative and the rescission of any such appointment shall be made in writing by the proper signing officers or officials of a registered producer, in such form as may be prescribed for such purpose from time to time by the Producer Board and as otherwise may be acceptable to the Producer Board. All such appointments and rescissions of appointments shall be effective upon receipt at the head office of the Producer Board.
 - (b) No individual may be appointed as a designated representative of more than one registered producer, and no individual who is a registered producer may be appointed as the designated representative of another registered producer.

- (c) No individual may be appointed as a designated representative unless that individual has attained the age of majority.
- (3) Each designated representative shall be entitled to receive notice of, and to attend any Annual or Special General Meeting and shall, for the purpose of this By-law, be treated as if such person is a registered producer.

GROUPINGS OF REGISTERED PRODUCERS

- 3.(1) Individuals who are registered as producers and designated representatives of other registered producers shall be divided into four groups (herein called "Districts") for the purpose of this By-law, the boundaries of which are outlined in Schedule "A".
- (2) The Secretary of the Producer Board shall prepare an initial list assigning the individuals referred to in subsection (1), into one of the four Districts, within 60 days following the end of each fiscal year of the Producer Board. Such list shall be prepared basis the location of the potato operation of each of the registered producer (or in the case of a designated representative, the location of the potato operation used by the registered producer which appointed such designated representative). If a registered producer has a potato operation located in more than one District, the producer may, within 75 days following the fiscal year end of the Producer Board, indicate to the Secretary of the Producer Board in writing which of such Districts the registered producer (or the registered producer's designated representative) prefers to be listed in. No individual shall be listed in more than one District.
- (3) The list referred to in subsection (2) shall be posted for public viewing at the head office of the Producer Board as soon as it is prepared. A registered producer may notify Secretary of the Board in writing of any error in the list within 75 days following the fiscal year end of the Producer Board. The Secretary of the Producer Board shall make necessary changes to such list from time to time, provided however that no such changes shall be made during the period of time commencing 30 days prior to the holding of any Annual or Special General Meeting and terminating at the conclusion of such Annual or Special General Meeting,
- (4) Notwithstanding the above provision, in the event a registered producer ceases to be a registered producer, the Secretary of the Producer Board shall amend the list referred to in this section by deleting therefrom the name of such former registered producer or the designated representative of such former registered producer.

DISTRICT OR SPECIAL MEETINGS

4. A district meeting of registered producers may be called at any reasonable time by the Producer Board or the Member of the Producer Board for that District.

PROCEDURE AT DISTRICT AND SPECIAL MEETINGS

- 5.(1) The subjects for discussion at any meeting called pursuant to section 4 (hereinafter called a "meeting" in this section) shall be stated in the Notice of the meeting, which shall be in writing mailed, faxed or e-mailed to each registered producer in the case of individuals, and to each designated representative, as same are shown on the list prepared pursuant to section 3 hereof at least three days prior to the meeting.
- (2) The Producer Board shall designate the time and place for each meeting and shall designate a chairman and recording secretary for each meeting prior to the calling of that meeting. The Secretary of the Producer Board shall provide the chairman of such meeting with an official list of the registered producers and designated representatives entitled to attend that meeting prior to the meeting and that list shall conclusively determine the eligibility of those entitled to attend and vote at such meeting.
- (3) A resolution put to a vote shall be decided by a show of hands, unless a ballot is demanded and where a ballot is demanded it shall be taken in such manner as the chairman directs.
- (4) Each registered producer who is an individual and each designated representative shall have one vote on a question to be decided at any meeting. Every registered producer who is an individual and every designated representative may appoint a proxy holder to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by that proxy. A proxy shall be in writing executed by the registered producer or designated representative in such form as may be prescribed by the Producer Board for such purpose. A proxy shall be acted upon only if it has been received by the recording secretary of the meeting or any adjournment thereof prior to the commencement of the meeting.
- (5) The chairman, if otherwise eligible, shall have the right to vote on all questions, but in the case of a tie the motion shall be declared lost, provided that if the chairman refrained from initially voting on a question, the chairman may cast a vote to break such tie.
- (6) In the case of a question or dispute over the procedure to be followed in conducting a vote or carrying on the business of a meeting, Robert's Rules of Order shall be followed.
- (7) The recording secretary of each meeting shall keep or cause minutes to be kept of all resolutions and proceedings of that meeting and of all business transacted at it and shall forthwith after such meeting transmit a copy of such minutes to the Secretary of the Producer Board certified by the chairman and the recording secretary of such meeting.
- (8) The proceedings at any meeting shall not be invalidated by reason of any omission to give notice of the meeting, or the non-receipt of notice by a registered producer or designated representative, unless it can be shown that such default would have reversed the result of a ballot or a vote of the meeting.

ANNUAL GENERAL MEETINGS AND SPECIAL GENERAL MEETINGS

- 6.(1) An Annual General Meeting of the Producer Board shall be held within 6 months after each fiscal year end of the Producer Board, on such date and at such time and place as determined by the Producer Board.
- (2) Those individuals listed on the lists prepared pursuant to section 3 hereof shall be entitled to attend and vote at any Annual General Meeting and any Special General Meeting of the Producer Board.
- (3) The Annual General Meeting shall be called for the purpose of receiving the Annual Report of the activities of the Producer Board for the last fiscal year (which Annual Report shall contain those items set out in the Plan), electing members of the Producer Board, appointing a qualified auditor, and for transacting such other business as may come before the meeting.
- (4) A Special General Meeting may be called at any time by the Producer Board whenever deemed necessary and shall be held at such time and place as the Producer Board appoints.
- (5) The Producer Board shall call a Special General Meeting upon written requisition signed by not less than 20% of the registered producers and designated representatives entitled to attend such Special General Meeting, such requisition to state clearly the nature and purpose of the business to be transacted at such meeting.
- (6) Notice of any Annual or Special General Meeting shall be delivered or sent by mail, fax or e-mail to each registered producer in the case of individuals, and to each designated representative, as same are shown on the lists prepared pursuant to section 3, at least 10 days prior to the holding of such meeting.
- (7) Notice of any Annual or Special General Meeting shall state the date, time and place of such meeting, and in the case of a Special General Meeting, shall state the nature of the business to be transacted at such meeting.
- (8) All Annual or Special General Meetings shall be held within the Province of Manitoba.
- (9) The proceedings of any Annual or Special General Meeting shall not be invalidated by reason of any omission to give notice of the meeting, or the non-receipt of notice by a registered producer or designated representative, unless it can be shown that such default would have reversed the result of a ballot or a vote of the meeting.

QUORUM & VOTING AT ANNUAL AND SPECIAL GENERAL MEETINGS

- 7.(1) At any Annual or Special General Meeting, ten (10%) percent of the registered producers and designated representatives entitled to attend such meeting shall constitute a quorum.
- (2) If, within one hour from the time appointed for any Annual or Special General Meeting, a quorum is not present, the meeting if convened upon the requisition of registered producers and designated representatives, shall be automatically dissolved; and in any other case shall stand adjourned and the Producer Board, upon giving proper notice, shall reconvene such meeting within 30 days of such adjournment, at which time the number of registered producers and designated representatives present shall constitute a quorum.
- (3) A resolution put to a vote shall be decided by a show of hands, unless a secret ballot is demanded, and where a ballot is demanded, it shall be taken in such manner as the chairman directs.
- (4) Only individuals who are registered producers or who are designated representatives of registered producers shown on the lists referred to in section 3 hereof may vote an Annual and Special General Meeting.
- (5) Each individual registered producer and each designated representative shall have one vote on any question to be decided at any Annual or Special General Meeting. Every registered producer who is an individual and every designated representative may appoint a proxy holder to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by that proxy. A proxy shall be in writing executed by the registered producer or designated representative in such form as may be prescribed by the Producer Board for such purpose. A proxy shall be acted upon only if it has been received by the recording secretary of the meeting or any adjournment thereof prior to the commencement of the meeting.
- (6) The chairman, if otherwise eligible, shall have the right to vote on all questions, but in the case of a tie, the motion shall be declared lost, provided that if the chairman refrained from initially voting on a question, the chairman may cast a vote to break such tie.
- (7) In the case of a question or dispute over the procedure to be followed in conducting a vote or carrying on the business of an Annual or Special General Meeting, Robert's Rules of Order shall be followed except where inconsistent with this By-law.

ELECTION OF MEMBERS OF THE PRODUCER BOARD

8. (1) As provided in the Plan, the Producer Board shall consist of seven (7) Members who shall at all times be registered producers or designated representatives.
- (2) The Members of the Producer Board in office at the time this By-law is approved by the Manitoba Council shall continue to hold office until the conclusion of the Annual General Meeting held in 2007 at which time their term of office shall expire.
- (3) Three Members of the Producer Board shall be elected at the district meeting held in District 1 during the 2007 Annual General Meeting, one to hold office for an initial term of one year, and two to hold office for an initial term of two years. Two Members of the Producer Board shall be elected at the district meeting held in District 2 during the 2007 Annual General Meeting, one to hold office for an initial term of one year and the other to hold office for an initial term of two years. One Member of the Producer Board shall be elected at the district meeting held in District 3 during the 2007 Annual General Meeting to hold office for an initial term of one year. One Member of the Producer Board shall be elected at the district meeting held in District 4 during the 2007 Annual General Meeting to hold office for an initial term of two years. The term of office of those members elected shall commence at the conclusion of the Annual General Meeting during which the election was held and shall conclude when such individual's successor takes office.
- (4) The election of Members of the Producer Board shall take place during the time set aside at each Annual General Meeting for the election of Members.

ELIGIBILITY TO HOLD OFFICE AS A MEMBER

9. (1) Subject to the provisions set out herein, an individual shall be eligible to hold the office of a Member of the Producer Board for a District if that individual is listed on the list referred to in section 3 hereof for that District at the commencement of the Annual General Meeting at which the election is to be held.
- (2) The list provided by the Secretary of the Producer Board to the chairman of the Annual General Meeting prepared pursuant to section 3 hereof shall conclusively determine whether an individual is a registered producer or a designated representative within a District.
- (3) If otherwise qualified, a retiring Member of the Producer Board shall be eligible for re-election.
- (4) No individual shall be eligible to hold office as a Member of the Producer Board if that individual:
 - (i) is a regular employee of the Producer Board; or

- (ii) is a party to any contract for profit with the Producer Board that confers upon that individual or upon the registered producer that appointed that individual as its designated representative any rights other than such as are accorded to registered producers generally; or
 - (iii) is not a resident of Manitoba; or
 - (iv) is engaged in the business of processing potatoes for other potato producers, or is the designated representative of, or a director, officer, or employee of an entity engaged in processing potatoes for other potato producers, or, has a direct or indirect ownership of 5% or more of the voting shares of a corporation or a direct or indirect interest in a partnership or other business entity which is engaged in processing potatoes for other potato producers; or
 - (v) has otherwise been determined by the Producer Board to be an "ineligible individual" for the purposes of this Administration By-law.
- (5) No individual who is a designated representative of a registered producer which is a corporation shall be eligible to hold office as a Member of the Producer Board unless such individual is a director of the corporation and is the registered holder and the beneficial owner of at least 5% of the issued voting equity shares of that corporation or of a holding body corporate of that corporation.

No individual who is a designated representative of a registered producer which is a partnership shall be eligible to hold office as a Member of the Producer Board unless such individual is a partner of that partnership and is entitled to at least 5% of the income and is responsible for at least 5% of the losses of that partnership for each fiscal year of the partnership (or for the most recent three fiscal years of the partnership) and is entitled to at least 5% of the assets available for distribution to partners on dissolution of partnership.

No individual who is a designated representative of a registered producer which is a Hutterite Colony or a corporation controlled by a Hutterite Colony shall be eligible to hold office as a Member of the Producer Board unless such individual is a member of the Hutterite Colony.

NOMINATING COMMITTEE

10. (1) The Producer Board shall, by resolution, appoint a Nominating Committee made up of registered producers and designated representatives at least one month prior to the end of each fiscal year of the Board. The Nominating Committee shall prepare a slate of one or more candidates eligible for election as a Member of the Producer Board in each District in which the term of office of a Member of the Producer Board is about to expire. Each such candidate must have signified to a member of the Nominating Committee, either verbally or in writing, that individual's acceptance of the nomination. Such Report shall be forwarded to the Secretary of the Producer Board no later than six weeks prior to the date of the next Annual General Meeting.
- (2) The Report of the Nominating Committee shall be sent to each registered producer and designated representative with the notice of the Annual General Meeting.

NOMINATION OF DISTRICT MEMBERS

11. (1) The registered producers and designated representatives of each District attending an Annual General Meeting at which the term of office of a Member of the Producer Board is about to expire shall meet during a recess during such Annual General Meeting at such time and place as the Secretary of the Producer Board may direct, and shall elect from among their number a Member of the Producer Board to replace the Member whose term of office is about to expire. Each Member of the Producer Board so elected shall take office at the conclusion of such Annual General Meeting and shall hold office for a term of two years until the Member's successor takes office.
- (2) Nominations for the office of a Member of the Producer Board for a District shall be taken from the Report of the Nominating Committee prepared pursuant to subsection 10.(1) hereof. In addition, any individual eligible to hold the office of a Member of the Producer Board for a District may nominate other eligible individuals, either in writing prior to the commencement of the Annual General Meeting or verbally prior to the conduct of such election.
- (3) Any nominee for the office of Member of the Producer Board for a District must be present at the Annual General Meeting and must accept such nomination, or must have signified in writing accepting the nomination and such writing shall be handed to the chairman of the Annual General Meeting at the time such nomination is made.

VACATION OF OFFICE AS A MEMBER OF THE PRODUCER BOARD

12. (1) The office of a Member of the Producer Board shall automatically be vacated in any of the following cases:
 - (a) if the Member is absent from all or any portion of two of three consecutive meetings of the Producer Board, unless the reason for the Member's absence is acceptable to a majority of the other Members of the Producer Board;
 - (b) if the Member ceases to be a registered producer or a designated representative;
 - (c) if by notice in writing to the Producer Board the Member resigns the office;
 - (d) if the Producer Board passes a resolution by a majority of at least 2/3 (two-thirds) of the votes cast stating that the Member has
 - (i) failed to adhere to the provisions of section 16 of this By-law dealing with conflict of interest, or that the Member has failed to provide a satisfactory undertaking as required by subsection 16.(2),
 - (ii) failed to adhere to the provisions of section 17 of this By-law dealing with confidentiality, or that the Member has failed to

provide a satisfactory undertaking as required by subsection 17.(2), or

- (iii) has breached any duties or obligations owed by that Member as set-out in section 18 of this By-law,

and determining that such Member is an "ineligible individual";

- (e) if any Annual or Special General Meeting passes a resolution of which notice to remove is given, declaring the Member's office to be vacant;
 - (f) if the Member is convicted of an indictable offence making that Member liable to imprisonment for three months or more;
 - (g) if the Member is declared to be of unsound mind; or
 - (h) if the Member is an undischarged bankrupt.
- (2) In the event of a vacancy occurring on the Producer Board as a result of an individual ceasing to be a Member of the Producer Board from a District, the Board shall appoint a registered producer or a designated representative from that District to fill the vacancy until the next district meeting at which time an election shall be held to fill the vacancy for the balance of the term of office of such Member. Such election shall be conducted at a meeting of registered producers and designated representatives of that District in general accordance with section 5 hereof, subject to any necessary changes with respect to the dates and times specified in such section as the Producer Board deems appropriate.

MEETINGS OF THE PRODUCER BOARD

13. (1) The Producer Board shall hold a meeting of Members at least once every 60 days.
- (2) The Chair, or in such person's absence the Vice-Chair, shall call all meetings of the Producer Board and shall give five days' notice in writing mailed, faxed or e-mailed to each Member of the Producer Board at their usual place of abode, or 24 hours notice thereof, by telephone, or in person.
 - (3) Required notice of Producer Board meetings under subsection (2) above may be waived by the consent of two-thirds (2/3) of all of the Members, confirmed in writing or by vote provided that all Members have been notified of such meeting; and any meeting so called and held shall be deemed to have been duly called and constituted.
 - (4) Failure to give notice or obtain consent as required by subsections (2) and (3) above, shall not invalidate the proceedings of any meeting of the Producer Board, unless it can be shown that the vote of the Member or Members who did not consent to waiving the notice, would have reversed the vote taken.

- (5) The Chair, or in the Chair's absence the Vice-Chair, shall call a meeting of the Producer Board at any time at the request in writing of any three Members, such requisition to state clearly the business to be transacted.
- (6) As provided in the Plan, a majority of the Members of the Producer Board shall constitute a quorum at any meeting of the Producer Board.
- (7) Questions arising at any meeting of the Producer Board shall be decided by a majority of votes thereat.
- (8) The Chair shall have the right to vote on all questions, but in the case of a tie the motion shall be declared lost, provided that if the Chair refrained from initially voting on a question, the Chair may cast a vote to break such a tie.
- (9) No order, regulation or directive of the Producer Board which must be filed under The Regulations Act, and no standing policy of the Producer Board shall be passed, amended, repealed, or other substituted therefore unless written notice has been given to each Member of the Producer Board at least 10 days prior to the holding of the meeting called to consider same, indicating the effect of the proposal, provided that such notice may be waived at the meeting with the consent of two-thirds (2/3) of the Members of the Producer Board.
- (10) No motion or resolution passed at any meeting of the Producer Board shall be reconsidered at that meeting without the consent to such reconsideration by at least two-thirds (2/3) of the Members present at such meeting.
- (11) A resolution, in writing, signed by all of the Members shall be valid and effectual as if it had been passed at a meeting of the Producer Board duly called and constituted, and held on the date thereof.
- (12) A Member may, if all the Members consent, participate in a meeting of the Producer Board by means of such telephone or other communication facilities as permit all persons participating in the meeting to hear each other, and a Member participating in the meeting by that means as deemed for the purposes of this By-law to be present at that meeting.
- (13) In the case of a question or dispute over procedure to be followed in the conducting of a vote or carrying on the business of a meeting of the Producer Board, Robert's Rules of Order shall be followed except where inconsistent with this By-law.
- (14) All acts done by any meeting of the Producer Board or by any person acting as a Member, shall be valid and subsisting notwithstanding that it be afterward discovered that there was some defect in the appointment of any such Member or person to act as aforesaid, or that they or any of them were not qualified to be a Member, nor shall any act by a meeting of the Producer Board be declared invalid because of any non-essential omission in the passing thereof.

OFFICERS

14. (1) The Chair and the Vice-Chair shall be elected in accordance with the Plan. The Members of the Producer Board shall also elect from among themselves an Executive Member at the first meeting of the Producer Board following the Annual General Meeting in each year, and the Executive Member so elected shall hold office until a successor is elected. The Members of the Producer Board may also appoint a Secretary and a Treasurer who may or may not be Members of the Producer Board.
- (2) In the absence of both the Chair and the Vice-Chair or their inability to act, the Producer Board shall, within two weeks of the date on which both offices become vacant, appoint successors from among their number.
- (3) The duties of the Chair shall be as follows:
- (a) to preside at all meetings of the Producer Board, of the Executive Committee, and of Annual and Special General Meetings;
 - (b) to arrange for the calling of all meetings of the Producer Board;
 - (c) to be a voting member of all committees appointed by the Producer Board;
 - (d) to perform such other duties as are incident to the office of Chair of the Producer Board or as may be required from time to time by the Producer Board.
- (4) The duties of the Vice-Chair shall be as follows:
- (a) in the absence of the Chair or the Chair's inability from any cause to act, the Vice-Chair shall discharge the duties of the Chair;
 - (b) should the office of the Chair become vacant, the Vice-Chair shall act until such time as the Producer Board may appoint a successor; and
 - (c) to carry out such duties as the Producer Board may assign to the Vice-Chair.

EXECUTIVE COMMITTEE

15. (1) There shall be an Executive Committee consisting of the Chair, the Vice-Chair, and the Executive Member. During the intervals between the meetings of the Producer Board, the Executive Committee shall possess and may exercise (subject to any restrictions which the Producer Board may from time to time make) all of the powers of the Producer Board in the management and direction of the day-to-day operation of the Producer Board (save and except only such acts as must by the Act or the Plan be performed by the Producer Board itself) in such manner as the Executive Committee may deem best in the interest of the Producer Board in all cases in which specific direction shall not have been given by the Producer Board. All actions of the Executive Committee shall be reported to the Producer Board at the meeting next succeeding such actions and shall be subject to revision or alteration by the Producer Board, provided that no acts or rights of third parties shall be affected or invalidated by any such revision or alteration.
- (2) The Executive Committee shall (subject to the provisions of this By-law) fix its own rules and procedures from time to time and shall meet where and as provided by such rules or by resolution of the Producer Board, but in every case the presence of a majority of the members of the Executive Committee shall be necessary to constitute a quorum; provided, however, that a resolution signed by all of the members of the Executive Committee shall have the same force and effect as if the same had been duly and regularly passed by the Executive Committee at a meeting properly called and held for that purpose.

CONFLICT OF INTEREST

16. (1) The Guidelines annexed hereto and marked Schedule "B" shall be adhered to by each Member.
- (2) Within a reasonable period of time following the election of an individual as a Member of the Producer Board, and prior to January 31 in each calendar year thereafter, each Member of the Producer Board shall disclose in writing to each of the other Members of the Producer Board all business, commercial or financial interests where such interest may conceivably be construed as being in actual or potential conflict with the Member's duties and responsibilities as a Member of the Producer Board and shall execute an undertaking in such form as may be required by the Producer Board with respect to how the Member proposes to avoid any conflict or appearance of conflict with that Member's duties and responsibilities as a Member of the Producer Board.
- (3) Each Member who may become interested in a business, commercial or financial interest which interest may conceivably be construed as being an actual or potential conflict with the Member's duties and responsibilities as a Member of the Producer Board shall disclose in writing to each of the other

Members of the Producer Board all business, commercial or financial interests where such interest may conceivably be construed as being in actual or potential conflict with the Member's duties and responsibilities as a Member of the Producer Board and shall execute an undertaking in such form as may be required by the Producer Board with respect to how the Member proposed to avoid any conflict or appearance of conflict with that Member's duties and responsibilities as a Member of the Producer Board.

- (4) The failure to make the disclosure as required under this section or the failure to provide an undertaking as required under this section or the breach of such an undertaking shall be grounds for the passage of a resolution by the Producer Board under subsection 12.(1) stating that the Member has failed to adhere to the provisions of this section dealing with conflict of interest, determining that such Member is an ineligible individual, and causing the office of that Member to be automatically vacated.
- (5) No material contract shall be entered into between the Producer Board and any member, officer, employee or agent of the Producer Board or any other person (including an individual, corporation, partnership or association) where
 - (a) that person, if unincorporated, is a member of the immediate family of any Member, officer, employee or agent of the Producer Board; or
 - (b) that person, if incorporated, is a corporation of which a Member, officer, employee or agent of the Producer Board is a director, officer, employee or agent, or which such Member, officer, employee or agent of the Producer Board has any direct or indirect financial interest; provided however that such latter prohibition shall not apply:
 - (i) to a cooperative that is a processor of potatoes, merely because a Member of the Producer Board is a member of that cooperative, or
 - (ii) to a public corporation that is a processor of potatoes, merely because a Member owns shares in that corporation, provided the direct or indirect ownership of such shares by such Member is less than 5% of all of the voting shares issued by that corporation.
- (6) Each Member who is in any way directly or indirectly interested in a proposed contract or a contract with the Producer Board shall declare the Member's interest at a meeting of the Producer Board. In the case of a proposed contract, the declaration shall be made at a meeting of the Producer Board at which the question of entering into the contract is first taken into consideration, or, if the Member is not at the date of that meeting interested in the proposed contract, at the next meeting of the Producer Board held after that Member becomes so interested; and, where the Member becomes interested in a contract after it is made, the declaration shall be made at the first meeting of the Producer Board held after the Member becomes so interested. After

making such declaration, the Member shall absent themselves from any portion of a meeting of the Producer Board or of a committee of the Producer Board which discusses any topic with respect to such proposed contract and shall not participate in voting in respect of such proposed contract.

- (7) From time to time the Producer Board may, by resolution, refer any issue as to whether or not a contract is a material contract, or as to whether or not a Member has adhered to the provisions of this section or to the Guidelines annexed as Schedule "B", to the Manitoba Farm Products Marketing Council for a decision, and the finding of the said Council shall conclusively determine the issue.

CONFIDENTIALITY

17. (1) The Guidelines annexed hereto and marked Schedule "C" shall be adhered to by each Member.
- (2) Within a reasonable period of time following the election of an individual as a Member of the Producer Board, that individual shall execute an undertaking in a form satisfactory to the Producer Board with respect to maintaining information provided to Members by the Producer Board confidential, which undertaking shall reflect the Guidelines set out in Schedule "C". Any individual subsequently becoming a Member shall execute a similar undertaking within a reasonable period of time of such individual becoming a Member.
- (3) The failure to provide an undertaking as required under subsection (2) or the breach of an undertaking shall be grounds for the passage of a resolution by the Producer Board under subsection 12.(1) stating that the Member has failed to adhere to the provisions of this section dealing with confidentiality, determining that such Member is an ineligible individual, and causing the office of that Member to be automatically vacated.

OTHER DUTIES AND OBLIGATIONS OF MEMBERS

18. (1) The Guidelines annexed hereto and marked Schedule "D" shall be adhered to by each Member.
- (2) The failure to adhere to the Guidelines set out in Schedule "D" shall be grounds for the passage of a resolution by the Producer Board under subsection 12.(1) stating that the Member has breached the duties or obligations owed by that individual, determining that such Member is an ineligible individual, and causing the office of that Member to be automatically vacated.

PROTECTION OF MEMBERS, OFFICERS AND OTHERS

19. (1) Every Member and officer of the Producer Board in exercising that person's powers and discharging that person's duties shall act honestly and in good faith with a view to the best interests of the Producer Board and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no Member or officer of the Producer Board shall be liable for the acts, receipts, neglects or defaults of any other Member or officer or employee, or for any loss, damage or expense happening to the Producer Board through the insufficiency or deficiency of title to any property acquired for or on behalf of the Producer Board, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Producer Board shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Producer Board shall be deposited, or for any loss occasioned by any error of judgment or oversight on that person's part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of that person's office or in relation thereto; provided that nothing herein shall relieve any Member or officer of the Producer Board from the duty to act in accordance with the Act and the regulations or from liability for any breach thereof.
- (2) Subject to the limitations contained in any applicable legislation, the Producer Board shall indemnify a Member or officer of the Producer Board, a former Member or officer, or a person who acts or acted at the Producer Board's request as a director or officer of a body corporate of which the Producer Board is or was a shareholder or creditor, and that person's heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by that person in respect of any civil, criminal or administrative action or proceeding to which that person is made a party by reason of being or having been a Member or officer of the Producer Board or a director or officer of such body corporate, if
- (a) that person acted honestly and in good faith with a view to the best interests of the Producer Board; and
 - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, that person had reasonable grounds for believing that that person's conduct was lawful.

The Producer Board shall also indemnify such person in such other circumstances as any applicable legislation permits or requires.

- (3) The Producer Board may purchase and maintain insurance for the benefit of any person referred to in subsection (2) against such liabilities and in such

20. It shall be the duty of the Producer Board to require such Members and employees as may be entitled to be signing officers of the Producer Board on cheques or negotiable instruments to be bonded in such form and in such amount as the Producer Board deems satisfactory for keeping, accounting for, delivering and paying over moneys and securities for money or other assets of the Producer Board, which may come into their control.

PER: _____
Chair

Secretary

KEYSTONE POTATO PRODUCERS ASSOCIATION

SCHEDULE "A" TO BY-LAW NO. 1/2007

DISTRICTS

The potato producing district of Manitoba shall be divided into four districts, the boundaries of which shall be as follows:

- (a) District 1 shall consist of all individuals who are registered producers or designated representatives in the area of Manitoba west of Highway No. 34, North of the Assiniboine River to Highway No. 10, and west of Highway No. 10.
- (b) District 2 shall consist of all individuals who are registered producers or designated representatives in the area of Manitoba east of Highway No. 34, and north of the Assiniboine River and within the boundaries of the Rural Municipality of Portage la Prairie.
- (c) District 3 shall consist of all individuals who are registered producers or designated representatives in the area of Manitoba south of Assiniboine River, and east of Highway No. 10, north of Highway No. 23 excepting thereout the area comprising of the Rural Municipality of Portage la Prairie.
- (d) District 4 shall consist of all individuals who are registered producers or designated representatives in the area of Manitoba south of Highway No. 23, and east of Highway No. 10.

KEYSTONE POTATO PRODUCERS ASSOCIATION

SCHEDULE "B" TO BY-LAW NO. 1/2007

Guidelines established pursuant to section 16 of By-law No. 1/2007:

CONFLICT OF INTEREST GUIDELINES

1. A Member should not put himself/herself in a position where such Member is under an obligation to any person who might benefit from special consideration or favour on the Member's part or seek in any way to gain special treatment from any such person. Equally, a Member shall not have a pecuniary interest that could conflict in any manner with the discharge of the Member's official duties on behalf of the Producer Board.
2. No conflict should exist or appear to exist between the private interests of a Member and the Member's official duties with the Producer Board. Upon appointment to office, a Member should arrange the Member's private affairs in a manner that will prevent conflict of interest from arising.
3. The fact that a Member is also a primary producer (or the designated representative of a primary producer) of the regulated product shall not in itself be deemed to be a conflict of interest. Similarly mere membership in a cooperative that is engaged in the business of processing potatoes for other potato producers shall not in itself be deemed to be a conflict of interest. The direct or indirect ownership of less than 5% of the issued voting equity shares of a corporation that is engaged in the business of processing potatoes for other potato producers shall not in itself be deemed to be a conflict of interest.
4. A Member should exercise care in the management of the Member's private affairs so as not to benefit or appear to benefit, from the use of information acquired during the course of the Member's official duties, which information is not generally available to all producers and the public.
5. A Member should not place himself/herself in a position where the Member would derive a special benefit or interest, direct or indirect, from contracts or other financial arrangements entered into by the Producer Board.
6. A Member should not accord, in the performance of the Member's official duties, preferential treatment to immediate family members or to organizations in which the Member or the Member's immediate family members have an interest, financial or otherwise. Although these guidelines do not formally apply to spouses or dependent children, it is important that a Member bear in mind the Member's individual responsibility to prevent conflicts of interest, including those that might conceivably arise out of dealings in property or other holdings, owned or managed in whole or in part, by the Member's spouse or dependent children.

7. A Member who is in a position to approve or recommend the approval of new, or the revision of existing, Regulations, Orders, policies, or programs should not place himself/herself in a position where the Member's immediate family members or business associates may derive special benefit or interest.
8. Should situations arise in which a Member is in a position to exercise judgment in the application of Producer Board Regulations, Orders, policies or programs with respect to matters involving special benefit to the Member's immediate family members or business associates, such Member should declare such interests and refrain from participation in any decision thereof.
9. A Member should hold no outside directorships, office or employment that could place on them demands inconsistent with the Member's official duties or call into question the Member's capacity to perform those duties in an objective manner.

KEYSTONE POTATO PRODUCERS ASSOCIATION

SCHEDULE "C" TO BY-LAW NO. 1/2007

Guidelines established pursuant to section 17 of By-law No. 1/2007.

CONFIDENTIALITY

Definitions

1. In this Schedule "Confidential Information" means information which is not generally available to producers, provided at or in connection with a meeting of the Producer Board or given to a Member as a result of that individual's status as a Member.

Confidential Information does not include:

- (a) information which was, at the time of disclosure by a Member, in the public domain; or
- (b) information which has been published or otherwise made available to the public through no action, direct or indirect, of the Member.

Right to Access

2. A Member is entitled to such information, data and knowledge (including Confidential Information) as may be necessary for the Member to perform the Member's function and as may be approved by the Producer Board from time to time.

Producer Board Information

3. A Member shall hold in strict confidence all Confidential Information relative to the activities, plans and affairs of the Producer Board. When such Confidential Information is to be announced, published, or otherwise made public by the Producer Board, it shall only be released by or through the Chair or the General Manager of the Producer Board (or such other person as may be designated by the Producer Board) after due authorization by the Producer Board.

Third Party Information

4. Confidential Information provided to a Member in the Member's capacity as a Member with respect to the business and affairs of registered producers, processors, or others who are subject to the regulation of the Producer Board shall only be used by a Member for the sole purpose of dealing with the matter to be decided by the Producer Board and for which such information was provided to the Producer Board, and for no other purpose.

Distribution

5. A Member may not circulate or make any unauthorized copy or private use of Confidential Information provided to the Member in any manner without the specific approval of a resolution of the Producer Board.

Return of Materials

6. A Member shall return to the Producer Board any originals or copies of any information which remains as Confidential Information when the Member ceases to be a Member of the Producer Board.

Vigilance

7. A Member must take all reasonable actions to ensure that no unauthorized use or disclosure of Confidential Information occurs.

Survival

8. The fiduciary duties of a Member, which include the duty not to disclose or use any Confidential Information of the Producer Board, survive the Member's term of office as a Member of the Producer Board.

KEYSTONE POTATO PRODUCERS ASSOCIATION

SCHEDULE "D" TO BY-LAW NO. 1/2007

Guidelines established pursuant to section 18 of By-law No. 1/2007.

OTHER DUTIES AND OBLIGATIONS

1. A Member of the Producer Board owes the same duties and responsibilities to the Producer Board as a director of a corporation owes to such corporation under the Common Law.
2. Each Member of the Producer Board, in exercising that person's powers and discharging that person's duties shall act honestly and in good faith with a view to the best interests of the Producer Board, of registered producers generally, and in a manner consistent with the purposes of the Plan and the powers given to the Producer Board.
3. Each Member shall exercise the care, diligence and skill that could reasonably be expected from a person of his or her knowledge and experience.
4. A Member shall not do anything which would detract from the authority of the Producer Board or its ability to carry out its activities in accordance with the Plan and the Regulations and Orders made by the Producer Board under the Plan.
5. Each Member shall act in accordance with the Act, the Plan and the Regulations and Orders made by the Producer Board and shall respect, in spirit as well as in the letter, such regulatory scheme.
6. No Member shall engage in conduct unbecoming a Member of the Producer Board, and each Member shall observe a standard of conduct that reflects credit on the Producer Board and inspires confidence, respect and trust of both producers and the general public.