



File:9-Corp

October 12, 2018

Sent via email: [jmartens@comoxvalleyrd.ca](mailto:jmartens@comoxvalleyrd.ca)

Comox Valley Regional District  
600 Comox Road,  
Courtenay, BC  
V9N 3P6

Attention: J. Martens, Manager of Legislative Services

Dear Sir:

**Re: 2019 CVRD external organization appointment**

This is to formally request the appointment, of a Comox Valley Regional District (CVRD) director to the North Island 9-1-1 board of directors for the 2019 calendar year. Currently Director Bob Wells is the board member representing the CVRD. From a business continuity perspective it is critical that the CVRD make an appointment at the inaugural board meeting. This will ensure the NI 9-1-1 Corporation has a board of directors in place prior to its annual general meeting (AGM).

As an introduction to the appointed director, we are pleased to provide the following information, much of which can be found on the NI 9-1-1 website [www.ni911.ca](http://www.ni911.ca).

The North Island 9-1-1 Corporation (NI 9-1-1) was established on January 5, 1995 and registered in the Province of BC under the *Business Corporations Act* in 1995. The articles of the corporation were amended in February 2013. The purpose of the corporation is to provide and manage emergency 9-1-1 services to the Comox Valley Regional District, the Strathcona Regional District and the Regional Districts of Mt. Waddington and Alberni-Clayoquot and a portion (School District No. 69) of the Nanaimo Regional District. The qathet Regional District (excluding Lasqueti Island) joined the service June 1999, by way of a shareholder agreement (attached).

Each shareholder annually appoints a director to represent their respective regional district on the NI 9-1-1 board of directors.

The primary duties of the North Island 9-1-1 Corporation board are to manage the assets of the corporation specifically:

1. Through the secretary of the corporation establish and approve a yearly operating budget.
2. Approve all capital expenditures for additions to or replacement of system components.
3. Maintain an agreement with the E-Comm to provide initial call answering for 9-1-1 calls.
4. Approve all new or revised operational policies and procedures and ensure they are followed.
5. Resolve any jurisdictional disputes and or operational disputes between participating agencies or regional districts.

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6. Operate and maintain a fire dispatch and mapping system used for the dispatch of 61 fire departments covering a geographic area of approximately 175,000 square kilometers (including contract service to the Peace River Regional District).
7. Oversee and manage an agreement for fire dispatching services with the City of Campbell River.

Approvals are on a weighted vote based on the number of common shares:

Comox Valley Regional District	6
Regional District of Nanaimo	5
Strathcona Regional District	4
Alberni-Clayoquot Regional District	3
qathet Regional District	2
Mt. Waddington Regional District	1

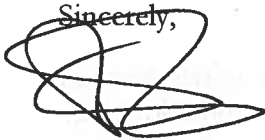
Duties of directors and access to information.

The service provided by the NI 9-1-1 Corporation are of a sensitive nature and system security is as integral as is public safety. There are many systems and precautions in place to ensure the safety and security of the 9-1-1 service. This includes but is not limited to access to information.

While there is no obligation to distribute information other than what is required under the *Business Corporations Act*, the Corporation does as a matter of courtesy share as much information with the shareholder regional districts as is practical, without jeopardizing the integrity of the service. On February 8, 2013 the 'shareholder access to corporate records' policy (attached) was adopted.

We look forward to hearing back from the CVRD regarding the appointment.

Sincerely,



Russell Dyson  
Secretary

Enclosures Shareholder access to corporate records policy  
Shareholder agreement

<b>NORTH ISLAND 9-1-1 CORPORATION</b>	
<b>TITLE: Shareholder Access to Corporate Records</b>	PAGE 1 of 1

**Date of Revision:** January 22, 2013      **Approved by:** NI 9-1-1 Board  
**Revisions:**      **Effective Date:** February 8, 2013

**Purpose**

1. The purpose of this policy is to identify the manner in which shareholders will access corporate records of the North Island 9-1-1 Corporation.

**Scope**

2. The scope of this policy relates to corporate records of the North Island 9-1-1 Corporation (NI 9-1-1) including:
  - a. Agenda packages, including staff reports, of directors' meetings or committees of directors;
  - b. Minutes of directors' meetings or committees of directors;
  - c. Directors consent resolutions (and those of committees of directors);
  - d. Written disclosures made to the directors regarding conflicts of interest;
  - e. Written disclosure of financial assistance; and
  - f. Written dissents to resolutions of directors.

**Confidential materials**

3. Special attention is paid to the preparation of materials, in particular for board agendas, minutes and associated staff reports, to ensure that any matters falling under section 90 of the *Community Charter* (meetings that may or must be closed to the public) are noted as being confidential and included on closed agendas and/or minutes.

**Records distribution**

4.
  - (1) Annually, and as required, records relating to the performance of directors including disclosures and consent/dissent resolutions are to be provided to all NI 9-1-1 shareholders.
  - (2) Following each board meeting, the public agenda packages and public minutes are to be provided to all NI 9-1-1 shareholders.
  - (3) Where the NI 9-1-1 board considers confidential materials, a board resolution is required to provide such materials to the NI 9-1-1 shareholders.
  - (4) Only those records that are provided to NI 9-1-1 shareholders and are deemed to be public by NI 9-1-1 may be made available to the public.

**Shareholder interests**

5. Shareholders may request additional information from their NI 9-1-1 representative, the NI 9-1-1 president or corporate secretary care of the Comox Valley Regional District at any time. Such requests will be responded to in as timely a fashion as possible.

**NORTH ISLAND 9-1-1 CORPORATION**  
**SHAREHOLDERS AGREEMENT**

**THIS AGREEMENT MADE THE 31<sup>st</sup> DAY OF MARCH 2008**

**BETWEEN:**

**COMOX VALLEY REGIONAL DISTRICT**, a regional district duly incorporated pursuant to the Municipal Act, R.S.B.C. c.29 and having an office at 600 Comox Road, Courtenay, British Columbia

(hereinafter sometimes referred to as "COMOX VALLEY" or as "Shareholder")

OF THE FIRST PART

**AND:**

**REGIONAL DISTRICT OF NANAIMO**, a regional district duly incorporated pursuant to the Municipal Act, R.S.B.C. c.29 and having an office at 6300 Hammond Bay Road, Nanaimo, British Columbia

(hereinafter referred sometimes referred to as "NANAIMO" or as a "Shareholder")

OF THE SECOND PART

**AND:**

**REGIONAL DISTRICT OF ALBERNI-CLAYOQUOT**, a regional district duly incorporated pursuant to the Municipal Act, R.S.B.C. c.29 and having an office at 3008 5th Avenue, Port Alberni, British Columbia

(hereinafter sometimes referred to as "ALBERNI-CLAYOQUOT" or as A "Shareholder")

OF THE THIRD PART

**AND:**

**REGIONAL DISTRICT OF MOUNT WADDINGTON**, a regional district duly incorporated pursuant to the Municipal Act, R.S.B.C. c.29 and having an office at 2044 McNeill Road, Box 729, Port McNeill, British Columbia

(hereinafter sometimes referred to as "MOUNT WADDINGTON" or as a "Shareholder")

OF THE FOURTH PART

**AND:**

**POWELL RIVER REGIONAL DISTRICT**, a regional district duly incorporated pursuant to the Municipal Act, R.S.B.C. c.29 and having an office at 5776 Marine Avenue, Powell River, British Columbia

(hereinafter sometimes referred to as "POWELL RIVER" or as a "Shareholder")

OF THE FIFTH PART

AND:

**STRATHCONA REGIONAL DISTRICT**, a regional district duly incorporated pursuant to the Municipal Act, R.S.B.C c.29 and having an office c/o 600 Comox Road, Courtenay, BC\_V9N 3P6

(hereinafter sometimes referred to as "STRATHCONA" or as a "Shareholder")

OF THE SIXTH PART

AND:

**NORTH ISLAND 9-1-1 CORPORATION**, a company duly incorporated pursuant to the laws of the Province of British Columbia, having its registered and records office at Suite 1200-925 Georgia Street, in the City of Vancouver, British Columbia V6C 3L2

(the "Company")

OF THE SEVENTH PART

WHEREAS:

- A. Comox Valley, Nanaimo, Alberni-Clayoquot, Mount Waddington, Powell River and Strathcona (hereinafter collectively referred to as the "Shareholder") are the owners of the issued and outstanding Class "A" Common Voting Shares in the capital of the Company in the number and classes following:

<u>Name of Shareholder</u>	<u>No. of Shares</u>	<u>Class of Shares</u>
Comox Valley	Six (6)	"A" Voting Common
Nanaimo	Five (5)	"A" Voting Common
Alberni-Clayoquot	Three (3)	"A" Voting Common
Mount Waddington	One(1)	"A" Voting Common
Powell River	Two (2)	"A" Voting Common
Strathcona	Four (4)	"A" Voting Common

(which shares, together with any shares issued by the Company in exchange or substitution therefore, are herein called the "Shares");

- B. The parties hereto wish to enter into an agreement providing, inter alia, for the purchase of all the shares in the Company held by any party upon that party disposing of all of its shares in the Company;
- C. The parties hereto wish to define certain other rights and obligations agreed upon with respect to the Shares in the Company, and their respective rights and obligations.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual covenants and conditions hereinafter contained, the parties hereto do covenant and agree as follows:

## 1. DEFINITIONS

1.1 In this Agreement, the following words and phrases, unless there is something in the context inconsistent therewith, will have the following meanings:

- (a) **"Board"** means the board of directors of the Company;
- (b) **"Control"** or **"Controls"** means:
  - (i) the right to exercise a majority of the votes which may be put at a general meeting of a corporation; and
  - (ii) the right to elect or appoint directly or indirectly a majority of the directors of a corporation or other persons who have the right to manage or supervise the management of the affairs and business of the corporation;
- (c) **"Interest"** means the right, title and interest of the Shareholder in and to any of the Shares, and the Loan and accrued interest thereon and any other right or claim a Shareholder may have against the Company as a Shareholder and the Shareholders' interest in and to this Agreement;
- (d) **"Loan"** means at the relevant time the aggregate amount advanced and outstanding by a Shareholder to the Company;
- (e) **"Major Decisions"** means decisions made by the Directors of the Company with respect to the following matters:
  - (i) the sale, lease, transfer, mortgage, pledge or other disposition of the whole or substantially the whole or the undertaking of the Company or any subsidiary;
  - (ii) the removal of any officer of the Company;
  - (iii) the advancing of any funds, financial assistance or the provision of any guarantee by the Company to any Shareholder, or to any affiliates, associate or principal of a Shareholder;
  - (iv) any capital expenditure or borrowing by the Company in excess of \$100,000;
  - (v) the entering into, and termination of, any employment agreements between the Company and any Shareholders, directors, officers or principals;
  - (vi) any transaction out of the ordinary course of the Company's business;
  - (vii) the entering into, and termination of, any agreement or contract between the Company and any Shareholder or Shareholders or any company of which a Shareholder or any associate or principal of a Shareholder owns a controlling interest;
  - (viii) any declaration or allocation of profit, bonuses or dividends of the Company;

- (ix) the issuance of additional shares in the capital of the Company save and except where the provision for such additional shares is already contemplated and provided for and permitted elsewhere within this Agreement;
  - (x) for any moving of the Company's head office ;
  - (xi) for the amalgamation of the Company with another corporation or other legal entity;
  - (xii) the advancing of any funds, financial assistance or the provision of any guarantee by the Company to any Shareholder or to any affiliate, associate or principal of Shareholder; and
  - (xiii) for any change in the constating documents of the Company.
- (f) **"Extraordinary decisions"** means decisions made by the Directors of the Company with respect to the following matters:
- (i) The issuance of the Shares to any party other than the current Shareholders;
  - (ii) The expansion of the Company's business interests by way of new ventures or acquisitions or by way of change of the type of business the Company is engaged in or the System or the geographical territory in which the Company's business activities take place; and
  - (iii) The issuance of any guarantees by the Company to any third parties;

## 2. PURPOSE

2.1 The Company's purpose is to operate an emergency response dispatch system ("the System") and such ancillary purposes relating to the System.

## 3. ORGANIZATION AND CONDUCT OF THE AFFAIRS OF THE COMPANY

3.1 The Board shall be comprised of the same number of Directors as there are Shareholders and each Shareholder shall be entitled to nominate one (1) Director. In the event that a position on the Board shall be open for any reason whatsoever, the Shareholder whose nominee formerly occupied such a position shall be entitled to nominate a new Director to fill such a vacancy.

3.2 Unless otherwise provided herein the conduct of the business of the Company shall be governed in accordance with its Articles.

3.3 The quorum necessary for the transaction of business of the Directors shall be one director holding at the minimum seventy-five (75%) per cent of the votes, either in person or by proxy.

3.4 Questions arising at any meeting of the Directors shall be decided by a majority of votes save and except,

- (a) Major Decisions, which shall require a 75% majority vote or more of the Directors and

(b) Extraordinary Decisions, which shall require a unanimous vote of the Directors.

- 3.5 A Director may participate in a meeting of the Board or of any committee of the Directors by means of conference telephone or other communication facility by means of which all Directors participating in the meeting can hear each other. A Director participating in a meeting in accordance with this paragraph shall be deemed to be present at the meeting and to have so agreed and shall be counted in the quorum for the meeting and be entitled to speak and vote as if personally in attendance.
- 3.6 Reasonable notice of a meeting of the Directors specifying the place within British Columbia, day and hour of such meeting, must be addressed to each of the Directors at their address as appears on the books of Company and by leaving it at their usual business address or by notifying by telephone, facsimile or any other similar method of transmission.
- 3.7 A resolution consented to in writing, whether by document, telegram, facsimile or any other method of transmitting legibly recorded messages, by all of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and held. Such resolution may be in two (2) or more counterparts, which together will be deemed to constitute one (1) resolution in writing. Such resolution shall be filed with the minutes of the proceedings of the Directors and shall be effective on the date stated thereon or on the latest date stated on any counterpart.

#### 4. SHAREHOLDERS' CONTRIBUTIONS AND DISTRIBUTION OF NET PROFIT

- 4.1 The Company will, and may in its discretion request from each and every Shareholder in proportion to the Shareholder's percentage holdings in the Company, all funds required to meet the capital, operating and capital asset replacement needs of the Company. The contribution percentage of each Shareholder at the date of this Agreement is as follows:

<u>Shareholder</u>	<u>Contribution Percentage of Funds Required</u>
Comox Valley	30.47%
Nanaimo	27.05%
Alberni-Clayoquot	13.03%
Mount Waddington	3.11%
Powell River	8.47%
Strathcona	17.87%

- 4.2 A Shareholder shall advance the money requested from it by the Company by August 15<sup>th</sup> of each calendar year. Unless otherwise specified in the Company's request, all funds advanced shall not bear interest.
- 4.3 No Shareholder shall demand or be entitled to repayment of the funds advanced by it pursuant to a request of the Company.

Each Shareholder's respective contribution percentage of funds required from time to time by the Company shall be reassessed by the Company annually, on the basis of the prior year's revised roll of net taxable value of land and improvements assessed for hospital purposes, within the Shareholders' jurisdiction, commencing from the date of this Agreement, and upon the withdrawal or addition of a Shareholder, any such change to be determined as if a Major Decision of the Board.



- 4.5 Any Shareholder may advance funds to the Company in the form of a Loan if the Company agrees to borrow such funds and in such a case, the terms of repayment and interest rate chargeable shall be mutually agreed upon by the lending Shareholder and the Board on behalf of the Company.
- 4.6 Except with the unanimous agreement of Shareholders, no Shareholder shall be obligated to enter into any agreement of guarantee with respect to the indebtedness of the Company or to pledge its credit on behalf of the Company, and the sole financial obligation of a Shareholder shall be as set forth in Paragraph 4.1 hereof. In any event all guarantees granted by Shareholders shall be borne by the Shareholders pro rata in proportion to their shareholdings in the Company (at the time of demand for payment by such bank or institution), and if any of the Shareholders discharges any liabilities of the Company either directly or pursuant to such guarantee given hereunder, then the Shareholder discharging the liabilities shall have the right to be re-imbursed by the party or parties not so contributing so that in the end result, each of the Shareholders shall have contributed in proportion as aforesaid. In the event that any Shareholder or Shareholders should provide a guarantee with respect to the indebtedness of the Company or pledge such Shareholder's own credit in a proportion to the debt greater than such Shareholder's own pro-rata shareholdings within the Company, then, to the extent that any such guarantee exceeds such Shareholder or Shareholder's pro-rata portion of their shareholdings in the Company, such Shareholder shall be entitled to claim indemnification from the Company and the other Shareholders to the extent of such amounts in which such Shareholder's guarantee exceeds their pro-rata portion of shareholdings in the Company.

## **5. TRANSFER OF SHARES AND INTEREST**

- 5.1 Notwithstanding anything to the contrary contained in this Agreement, no sale, transfer, assignment or disposal of any Interest by a Shareholder shall be binding upon the other parties hereto or shall be valid in law, unless it is made in compliance with the provisions of this Agreement and Articles of Incorporation, and unless and until the purchaser or transferee of such Interest, if not a party hereto, executes and delivers an appropriate instrument in writing in favour of the Non-disposing Shareholders pursuant to which such Shareholder or transferee shall agree to observe and be bound by all the provisions of this Agreement;
- 5.2 Notwithstanding any other provision of this Agreement, no Shareholder shall be entitled to sell, transfer or otherwise dispose of any of its Interest or any part thereof without first obtaining the consent of all of the other Shareholders and the Company.
- 5.3 Notwithstanding Sections 5.1 and 5.2 or any other provision within this Agreement or the Articles of the Company, it is expressly understood and agreed between the Company and the Shareholders that in the event that by way of any determination, decision, order or other direction from the Provincial Government of British Columbia that any Shareholder be required to sell all or a portion of its Shares or Interest to another body that constitutes a regional district within the Province of British Columbia, that any such sale, transfer, assignment or disposal of any Shares or Interest by any existing Shareholder in whole or in part that is necessitated or required pursuant to such decision of the Provincial Government of British Columbia may take place provided that any such new Shareholder agrees to be bound by all provisions of this Agreement
- 5.4 Notwithstanding anything to the contrary contained in this Agreement, the Shareholders acknowledge and agree that the number of Shares held by any and all Shareholders in the Company from time to time is to be based upon the proportionate share of the assessed value of the net taxable value of land and improvements assessed for hospital purposes within any such Shareholders respective Regional Districts. Accordingly, all the Shareholders do hereby agree that all the Shareholders and the Company shall carry out a review as the net taxable value of

lands and improvements assessed for hospital purposes within all of the Shareholders' regional districts effective as at January 1, 2009 and based upon the proportionate amounts of the assessed value of the net taxable value of land and improvements assessed for hospital purposes in the regional districts of all the Shareholders comprising the Company, the Shareholders shall redistribute the Shares issued in the Company between the existing Shareholders to better reflect the proportionate basis of the Shareholder's said assessed values. Without limiting the foregoing, the Shareholders and the Company shall, upon the completion of the determination of the assessed value of the net taxable value of land and improvements assessed for hospital purposes in all of the Shareholders respective regional districts, do any one or more of the following:

- (a) Re-purchase or redeem any of the Shares held by any such Shareholder;
- (b) Issue new Class A common voting shares in the capital of the Company to any one or more Shareholders; and
- (c) Authorize and carry out the transfer of any Shares presently issued between any two Shareholders,

so to reapportion the respective share ownership percentages in the Company between the Shareholders, so that the proportionate amount of Shares issued in the Company to any Shareholder is proportionate to the total net taxable value of land and improvements assessed for hospital purposes any such Shareholder's respective regional district has relative to the aggregate net taxable value of land and improvements assessed for hospital purposes held by all of the Shareholders regional districts. In determining the net taxable value of land and improvements assessed for hospital purposes for each of the Shareholders, the Company shall be entitled to rely upon such information as may be provided by the BC Assessment Authority or any successor or provincial government organization thereto which has the authority to make such determinations and whose determination of any such value shall be final and binding upon all of the Shareholders and the Company. In the event that there is any discrepancy or disagreement between the Shareholders with respect to any such determination or the calculation of any Shareholders proportionate shareholdings within the Company, such matter will be deferred to the Company's accountants from time to time and whose decision with respect to same, shall be final and binding upon any and all such Shareholders.

- 5.5 The parties hereto agree that upon such determination or reapportionments as set out above in Section 5.4, that all parties will carry out any and all necessary documents so as to carry out the repurchase, redemption, transfer or issuance of any such Shares in the Company, so as to carry out the intentions of Section 5.4 above forthwith.
- 5.6 The parties hereto further agree that where any Shares are either issued, transferred, redeemed or re-purchased in accordance with Section 5.4, that the consideration for any such issuance, transfer, re-purchase or redemption shall be in the amount of \$1.00 for each Share.
- 5.7 The parties further agree that for the duration this Agreement remains in place, the parties will review the distribution of the Shares issued in the Company at ten year intervals commencing on January 1, 2019 and continuing on January 1<sup>st</sup> of each tenth year thereafter so as to redistribute the Shares in the Company based upon the formula of the net taxable value of land and improvements assessed for hospital purposes held by all such Shareholders in accordance with Sections 5.4 , 5.5 and 5.6.
- 5.8 The parties hereto agree that with respect to any Shares that may be held by any Shareholder in the Company may be transferred to or acquired by another Shareholder from time to time in accordance with Sections 5.4 through 5.7, any existing shareholders loans that were due and owing to any such transferring Shareholder shall remain due and owing to such transferring Shareholder and the acquiring Shareholder acquiring any portion of the Shares of the transferring Shareholder shall not acquire any right or entitlement to such transferring Shareholder's loans.

## 6. DEFAULT

6.1 It is an event of default (hereinafter referred to as "Default") if a Shareholder (hereinafter referred to as the "Defaulting Shareholder") (the other Shareholders being hereinafter referred to as the "Non-Defaulting Shareholders"):

- (a) Fails to observe, perform or carry out any of its obligations hereunder and such failure continues for seven (7) days after any of the Non-Defaulting Shareholders have in writing demanded that such failure be cured; or
- (b) Fails to take reasonable actions to prevent or defend assiduously, any action or proceeding in relation to any of its Interest for seizure, execution or attachment or which claims:
  - (i) possession;
  - (ii) sale;
  - (iii) foreclosure;
  - (iv) the appointment of a receiver or receiver-manager of its assets; or
  - (v) forfeiture or termination;

of or against, any of the Interest of the Defaulting Shareholder, and such failure continues for seven (7) days after any of the Non-Defaulting Shareholders have in writing demanded that the same be taken or the Defaulting Shareholder fails to defend successfully any such action or proceeding; or

- (c) Becomes a bankrupt or commits an act of bankruptcy or if a receiver or receiver-manager of its assets is appointed or makes an assignment for the benefit of creditors or otherwise.

6.2 In the event of a Default, the Non-Defaulting Shareholders may do any one or more of the following:

- (a) Pursue any remedy available to them in law or equity, it being acknowledged by each of the Shareholders that specified performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for a Default;
- (b) Take all actions in their own names or in the name of the Defaulting Shareholder, the Shareholders or the Company as may reasonably be required to cure the Default, in which event all payments, costs and expenses incurred therefore shall be payable by the Defaulting Shareholder to the Non-Defaulting Shareholders on demand, together with Interest at one (1%) per cent per annum in excess of the then determined prime commercial rate of the bank of the Company;
- (c) Implement the Buy-Sell procedure as set out in the Paragraph 7 hereof; or
- (d) Waive the Default provided, however, any waiver of a particular Default shall not operate as a waiver of any subsequent or continuing Default.

**7. BUY-SELL PROCEDURE**

- 7.1 In the event of a Default, the Non-Defaulting Shareholders, or any of them, have an option to require the Defaulting Shareholder to surrender all of its Interest to the Non-Defaulting Shareholders or the Company at no cost to the Non-Defaulting Shareholders or the Company.
- 7.2 Upon the exercise of the Option, the Defaulting Shareholder, shall execute and deliver to the Non-Defaulting Shareholders or the Company all such instruments, conveyances, assignments and releases as the Non-Defaulting Shareholders or Company may reasonably require.

**8. LOAN DEFAULT**

- 8.1 In addition to the rights of the Non-Defaulting Shareholders provided for in Paragraphs 6 and 7 hereof, if the Defaulting Shareholder defaults by refusing or failing to make a contribution or payment as provided in Paragraph 4 hereof, then:

(a) The Non-Defaulting Shareholders may elect to make, and are hereby authorized by the Defaulting Shareholder to make, such contribution or payment (hereinafter called the "Defaulting Loan") to the Company on behalf of and for the account of the Defaulting Shareholder in which event the Defaulting Shareholder shall pay, or cause to be paid, to the Non-Defaulting Shareholders:

- (v) the amount of the Defaulting Loan;
- (ii) the reasonable costs of the Non-Defaulting Shareholders relating to obtaining monies to make the Default Loan; and
- (iii) Interest calculated and payable on the first business day of each and every month on the amount of the Defaulting Loan outstanding from time to time equal to:
  - (1) the rate of Interest payable by the Non-Defaulting Shareholders to any Third Party on any monies borrowed by it to make the Default Loan plus four (4%) per cent per annum; or
  - (2) if any such monies are not borrowed by the Non-Defaulting Shareholders, the prime commercial lending rate of the bank of the Company at the time the Defaulting Loan is made plus four (4%) per cent per annum.

**9. NEW SHAREHOLDERS**

- 9.1 The parties agree that upon the unanimous approval of the Shareholders and the Company, a new Shareholder may be allowed to join the Company on such terms and on such conditions as the Shareholders and the Company may determine, but the terms and conditions of the entry of the new Shareholder shall include the following:
- (a) The requirement that the new Shareholder becomes signatory to this Agreement prior to acquiring any rights or interest in the Company;
  - (b) The requirement that all costs associated with the entry of the new Shareholder be born solely by that Shareholder;

- (b) The requirement that the new Shareholder pay a stipulated fee or the contribution towards the capital of the Company in recognition of its acquiring an interest in the existing capital assets of the Company.
- (d) Such further and other conditions and requirements as the Board of Directors of the Company may from time to time determine.

9.2 The application of any funds paid by the new Shareholder shall be used and distributed as the Board of Directors of the Company shall in their sole discretion determine.

## **10 ASSIGNMENT OF RIGHTS TO COMPANY**

10.1 The parties hereto covenant and agree that all rights and privileges given to the Non-Defaulting Shareholders pursuant to Paragraphs 6, 7 and 8 of this Agreement may be assigned by those Non-Defaulting Shareholders to the Company provided all the Non-Defaulting Shareholders so decide.

## **11. DISPUTE RESOLUTION**

11.1 The parties hereto agree to attempt to resolve all disputes arising out of or in connection with this Agreement, or in respect of any defined legal relationship associated with it or from it, by structured negotiation with the assistance of a mediator appointed by the British Columbia International Commercial Arbitration Centre under its Commercial Mediation Rules, a copy of which are attached as Appendix "A".

11.2 If a dispute cannot be settled within a period of thirty (30) days after the mediator was appointed, or such longer period agreed to by the parties, the dispute shall be referred to and finally resolved by arbitration under the rules of the British Columbia International Commercial Arbitration Centre, a copy of which area attached as Appendix "B".

## **12. INSURANCE**

12.1 Each of the Shareholders agree to take out and maintain in full force and effect, in the names of the respective Shareholder, as the insured party, and the Company, as the additional named insured, the following primary policy of insurance with he Municipal Insurance Association;

- (a) bodily injury, personal injury, and/or property damage liability ("Coverage A");
- (b) errors and omissions liability ("Coverage B") with the Company as the additional named insured until such time that the Shareholder has been provided notice from the Company that the Company has decided to place and maintain in full force and effect errors and omissions liability insurance from an insurer licensed to do insurance business in the Province of British Columbia ("Primary Coverage B"), at which time the Shareholder will continue to maintain insurance coverage with the Municipal Insurance Association for errors and omissions liability in the names of the respective Shareholder, as the insured party, and the Company, as the additional named insured ("Secondary Coverage B"); and
- (c) supplementary payments: defense and other costs ("Coverage C").

12.2 Each Shareholder agrees to deliver a copy of the current year's Membership Certificate and Evidence of Liability Protection to the company evidencing the insurance policy referred to in Paragraph 12.1.

- 12.3 The Company hereby agrees to take out and maintain in full force and effect, in the name of the Company, as the insured, the following insurance;
- (a) The Company will place and maintain in good standing primary insurance coverage with an insurer licenced to do insurance business in the Province of British Columbia for bodily injury, personal injury, and/or property damage liability ("Primary Coverage A") and for supplementary payments: defense and other costs ("Primary Coverage C").

**13. GENERAL PROVISION**

- 13.1 The parties hereto covenant and agree that they will not mortgage, hypothecate, charge or in any way encumber their Shares in the Company.
- 13.2 All certificates issued by the Company representing any of the Shares in the capital stock of the Company shall have typed or otherwise written thereon the following legend:
- "The Shares represented by this certificate are subject to the provisions of an Agreement made the 30<sup>th</sup> day of June 1999 between the Company and its Shareholders which Agreement contains restrictions on the right of the holder hereof to sell, assign, transfer, dispose of, donate or otherwise deal with the Shares represented hereby and notice of the terms and conditions of such Agreement is hereby given."
- 13.3 Notwithstanding any other terms hereof the Company shall not be obligated to purchase any Shares pursuant to the terms of this Agreement if such purchase would constitute a violation of any law or regulation of any governmental authority having jurisdiction over the Company or its Shares or such purchase would render the Company insolvent.
- 13.4 Time shall be of the essence of this Agreement.
- 13.5 Any notice, payment or other communication required or permitted to be given or served pursuant to this Agreement shall be delivered personally or may be mailed by registered mail, postage prepaid, addressed as follows:

**If to Comox Valley**

600 Comox Road  
Courtenay, British Columbia  
V9N 3P6

**If to Nanaimo:**

6300 Hammond Bay Road  
Nanaimo, British Columbia  
V9T 6N2

**If to Alberni-Clayoquot:**

3008 5th Avenue  
Port Alberni, British Columbia  
V9Y 2E3

**If to Mount Waddington:**

Box 729  
 2044 McNeill Road  
 Port McNeill, British Columbia  
 V0N 2R0

**If to Powell River:**

5776 Marine Avenue  
 Powell River, British Columbia  
 V8A 2M4

(\*note address change)

**If to Strathcona:**

c/o 600 Comox Road  
 Courtenay, BC  
 V9N 3P6

**If to the Company**

1200 – 925 West Georgia Street  
 Vancouver, British Columbia  
 V6C 3L2

Any such notice shall be deemed to have been given, if delivered by hand, on the day delivered, or if mailed in Canada two days following the day of posting, providing that if there shall be between the time of mailing and the actual receipt of the notice a mail strike, slow-down or other labour dispute which may affect delivery of such notice by mail, then such notice shall be effected only if actually delivered.

- 13.6 No alteration or amendment of this Agreement shall take effect unless the same is in writing duly executed by each of the Shareholders in the same manner as this Agreement, provided that it shall not be necessary to make a party to such amending agreement any Shareholder who has ceased to be a member of the Company.
- 13.7 The Shareholders covenant and agree to execute such further and other documents and instruments and to do such further and other acts as may be necessary to implement and carry out the terms of this Agreement and the Company agrees to approve and does hereby approve each and every transfer of Shares made pursuant to this Agreement.
- 13.8 Each Shareholder shall vote or cause to be voted the Shares held or controlled by it so as to give full effect to the provisions of this Agreement, which provisions shall supersede and have precedence over the provisions of the Articles and Memorandum of the Company.
- 13.9 All purchases and sales of any Shares in the capital stock of the Company pursuant to this Agreement shall be in Canadian dollars only, unless otherwise agreed to in writing by the parties hereto.
- 13.10 The provisions herein contained constitute the entire Agreement between the Shareholders and supersede all previous communications, representations and agreements, whether verbal or written, between Shareholders with respect to the subject matter hereof.





13.11. All references to any party to this Agreement shall be read with such changes in number and gender as the context hereof or reference to the parties shall require, and words imparting singular include the plural and vice versa, words imparting a male person include a female, and words imparting an individual include a corporation.

13.12 This Agreement shall inure to the benefit of and be binding upon the Shareholders and their respective successors but is not assignable by a party hereto, except with the consent of all the other parties hereto.

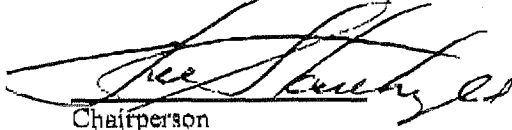
IN WITNESS WHEREOF the parties hereto have affixed their hands and seals the day and year first above written.

The Corporate Seal of Comox Valley Regional District) was hereunto affixed in the presence of:

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Corporate Officer

The Corporate Seal of Regional District of Nanaimo) was hereunto affixed in the presence of:

  
\_\_\_\_\_  
Chairperson

  
\_\_\_\_\_  
Corporate Officer



The Corporate Seal of **Regional District of Alberni-Clayoquot** )  
was hereunto affixed in the presence of: )

  
\_\_\_\_\_  
Chairperson )

\_\_\_\_\_  
Corporate Officer )

The Corporate Seal of **Regional District of Mount Waddington**)  
was hereunto affixed in the presence of: )

\_\_\_\_\_  
Chairperson )

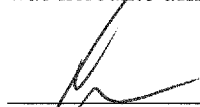
\_\_\_\_\_  
Corporate Officer )

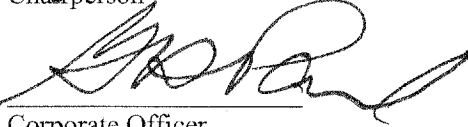
The Corporate Seal of **Powell River Regional District**)  
was hereunto affixed in the presence of: )

\_\_\_\_\_  
Chairperson )

\_\_\_\_\_  
Corporate Officer )

The Corporate Seal of **Strathcona Regional District** )  
was hereunto affixed in the presence of: )

  
\_\_\_\_\_  
Chairperson )


  
\_\_\_\_\_  
Corporate Officer )

The Corporate Seal of **Regional District of Alberni-Clayoquot** )  
was hereunto affixed in the presence of: )

\_\_\_\_\_  
Chairperson )

\_\_\_\_\_  
Corporate Officer )

The Corporate Seal of **Regional District of Mount Waddington**)  
was hereunto affixed in the presence of: )

  
\_\_\_\_\_  
Chairperson )

  
\_\_\_\_\_  
Corporate Officer )

The Corporate Seal of **Powell River Regional District**)  
was hereunto affixed in the presence of: )

\_\_\_\_\_  
Chairperson )

\_\_\_\_\_  
Corporate Officer )

The Corporate Seal of **Strathcona Regional District** )  
was hereunto affixed in the presence of: )

\_\_\_\_\_  
Chairperson )

\_\_\_\_\_  
Corporate Officer )

The Corporate Seal of **Regional District of Alberni-Clayoquot** )  
was hereunto affixed in the presence of: )

\_\_\_\_\_  
Chairperson )

\_\_\_\_\_  
Corporate Officer )

The Corporate Seal of **Regional District of Mount Waddington**)  
was hereunto affixed in the presence of: )

\_\_\_\_\_  
Chairperson )

\_\_\_\_\_  
Corporate Officer )

The Corporate Seal of **Powell River Regional District**)  
was hereunto affixed in the presence of: )

*B. S. Palmer*  
\_\_\_\_\_  
Chairperson )

*Francis Land*  
\_\_\_\_\_  
Corporate Officer )

The Corporate Seal of **Strathcona Regional District** )  
was hereunto affixed in the presence of: )

\_\_\_\_\_  
Chairperson )

\_\_\_\_\_  
Corporate Officer )

