

Newton, Alexa CSCD:EX

From: Lindsay Parcells <parcells@lidstone.info>
Sent: October-21-13 5:38 PM
To: Newton, Alexa CSCD:EX
Cc: Don Lidstone
Subject: RE: Proposed Articles for Sechelt Innovations Ltd. (10058-119)

Hello Alexa. Following up on your correspondence and our previous discussions, our reference to the financial requirements of the *Community Charter* are with respect to the requirements of the *Community Charter* that safeguard the District's exposure to liabilities on behalf of the Company and in particular those provisions of the *Charter* that limit the District's ability to expend monies and incur liabilities on behalf of the Company. In this regard, we consider the following provisions of the *Charter* to be among those that are relevant to the comments you have highlighted from our Sep. 13/13 letter: the restriction on assistance to business in sections 21, 24 and 25; the requirements for financial planning and accountability under sections 164 – 168; the limitations on expenditures, liabilities and investments in sections 173 – 187; and the restriction on the use of municipal funds in sections 190 and 191. We also note the District's proposed ownership of all of the issue and outstanding shares of the Company, its ability to appoint all of the Company's directors, and the provisions of sections 9.4, 10.3, 10.6, 25, 26 and 27 of the Company articles as additional safeguards to limit the District's exposure. Thank you for your review of this matter and please let me know if you require any additional information. Regards.

Lindsay A. Parcells
Barrister & Solicitor
LIDSTONE & COMPANY
Barristers and Solicitors
Suite 1300 - Sun Tower
128 Pender Street West
Vancouver, BC V6B 1R8
604.899.2269 P
604.899.2281 F
1.877.339.2199 TF
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From: Newton, Alexa CSCD:EX [<mailto:Alexa.Newton@gov.bc.ca>]
Sent: Monday, October 07, 2013 12:31 PM
To: Lindsay Parcells
Subject: FW: Proposed Articles for Sechelt Innovations Ltd.

Hello Lindsay,

I am just finishing up my review of SIL and was hoping you could provide some more information around the borrowing limitations.

Can you please clarify what financial requirements of the Community Charter are being referred to in the below statement contained in the letter you provided on September 13, 2013.

Which article provides this 'subject to' in it?

Thank you,

Financial exposure of the municipal shareholder

The District's financial exposure will be limited to its investments in the Corporation. The Corporation will be entitled to borrow funds and raise monies in the usual manner including the issuing of bonds, debentures and other debt obligations; subject to the financial requirements of the *Community Charter* of which the District is fully aware. Article 27.3 also prohibits the Directors from authorizing the Corporation to borrow money on security provided by the District of Sechelt, or the repayment of which is guaranteed by the District, except where the District provides such security or guarantee in a manner permitted by law.

From: Kimberly Mittelsteadt [<mailto:mittelsteadt@lidstone.info>]

Sent: Friday, September 13, 2013 1:33 PM

To: Newton, Alexa CSCD:EX

Cc: Don Lidstone; Lindsay Parcells; henderson@sechelt.ca; Ron Buchhorn (RBuchhorn@sechelt.ca) (RBuchhorn@sechelt.ca); Margi Nicholas (MNicholas@sechelt.ca)

Subject: Proposed Articles for Sechelt Innovations Ltd.

Dear Ms. Newton,

Please see the attached correspondence sent on behalf of Mr. Parcells.

Thank you,

Kimberly Mittelsteadt
Legal Assistant
LIDSTONE & COMPANY
Barristers and Solicitors
Suite 1300 - Sun Tower
128 Pender Street West
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Newton, Alexa CSCD:EX

From: Lindsay Parcells <parcells@lidstone.info>
Sent: November-06-13 9:22 AM
To: Newton, Alexa CSCD:EX
Cc: Don Lidstone
Subject: RE: Proposed Articles for Sechelt Innovations Ltd. (10058-119)

Good morning Alexa. Thank you for returning my call. Following up on our discussions, I confirm that for purposes of s. 185 of the *Charter*, the District will be acquiring 300,000 shares in the new corporation at a price of \$1.00 per share. Regards.

Lindsay A. Parcells
Barrister & Solicitor
LIDSTONE & COMPANY
Barristers and Solicitors
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From: Newton, Alexa CSCD:EX [mailto:Alexa.Newton@gov.bc.ca]
Sent: Thursday, October 24, 2013 9:06 AM
To: Lindsay Parcells
Subject: RE: Proposed Articles for Sechelt Innovations Ltd. (10058-119)

Hi Lindsay,

I will be submitting my recommendation to the Inspector this morning but I would first like to confirm that Council has agreed to the \$5,000,000 limit. Also, in the last version of the Articles with the borrowing limit included, it looks like a period has been used instead of a comma in five million (\$5,000.000) so it looks like the limit is only five thousand.

Alexa

From: Lindsay Parcells [mailto:parcells@lidstone.info]
Sent: Wednesday, October 23, 2013 11:36 AM
To: Newton, Alexa CSCD:EX
Cc: Don Lidstone
Subject: RE: Proposed Articles for Sechelt Innovations Ltd. (10058-119)

Hello Alexa. Following up on my phone call, the revised articles are attached along with a blacklined version highlighting the addition of subsection 8(e) in the revised version. As I mentioned, the District's original plan was to establish a borrowing limit of \$10M; however, this has been reduced to \$5M in the revised articles. Can you please confirm that this will be recommended for approval? Thank you.

Lindsay A. Parcels
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From: Newton, Alexa CSCD:EX [<mailto:Alexa.Newton@gov.bc.ca>]
Sent: Tuesday, October 22, 2013 12:32 PM
To: Lindsay Parcels
Subject: Proposed Articles for Sechelt Innovations Ltd.

Hello Lindsay,

In the below email to Margi I have requested that a borrowing limit be included in the Articles in order to receive Inspector approval.

The following excerpt is typically what is included regarding borrowing:

“except that the Company must not enter into any credit agreements, including amendments to existing credit agreements to increase the Company’s overall borrowing limit, that contemplate the company incurring debt obligation that, if fully drawn, would exceed \$__ CDN without the prior approval of the shareholders by an ordinary resolution.”

Please feel free to contact me if you have any questions.

Alexa Newton, CGA
Financial Analyst
Local Government Infrastructure and Finance Division
Ministry of Community, Sport and Cultural Development
Phone: 250-387-4074

From: Newton, Alexa CSCD:EX
Sent: Tuesday, October 8, 2013 3:16 PM
To: 'Margi Nicholas'
Subject: RE: Proposed Articles for Sechelt Innovations Ltd.

Hello Margi,

I have discussed the SIL articles with the Inspector and in order to receive approval a borrowing limit will need to be included. The corporation's authority to borrow money should not be unlimited as our concern here is with respect to the potential financial risk assumed by the municipality. Once a borrowing limit has been included in the articles, please forward them to me and I will resubmit the application for Inspector approval.

Alexa

From: Newton, Alexa CSCD:EX [<mailto:Alexa.Newton@gov.bc.ca>]
Sent: October-03-13 8:22 AM
To: Margi Nicholas
Subject: FW: Proposed Articles for Sechelt Innovations Ltd.

Hello Margi,

I was just thinking about our phone conversation from earlier this week and wanted to clarify the borrowing limit request. You were concerned that the articles would need to be changed if the borrowing limit was to be exceeded, however the borrowing limit would only require a shareholder resolution to permit borrowing over the limit (see excerpt below)

"except that the Company must not enter into any credit agreements, including amendments to existing credit agreements to increase the Company's overall borrowing limit, that contemplate the company incurring debt obligation that, if fully drawn, would exceed \$ CDN without the prior approval of the shareholders by an ordinary resolution."

Please feel free to contact me if you have any question,

Alexa

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Newton, Alexa CSCD:EX

From: Margi Nicholas <MNicholas@sechelt.ca>
Sent: October-03-13 3:22 PM
To: Newton, Alexa CSCD:EX
Subject: RE: Proposed Articles for Sechelt Innovations Ltd.
Attachments: SIL 3 year Strategic Plan - FINAL REVIEWED.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Alexa,

I am attaching the operating plan for SIL which includes a 3-year financial plan. I can confirm that we are writing a partnering agreement with the assistance of our law firm, Lidstone & Co. The document was on last night's Council agenda but required revisions so will not be complete until next Wednesday. Is this enough information for you to proceed with moving the articles along to the inspector, or do you need the partnering agreement as well?

Margi Nicholas H.Dipl. HRM, CHRP | DIRECTOR OF CORPORATE SERVICES & CORPORATE OFFICER | 604-740-8455

From: Newton, Alexa CSCD:EX [<mailto:Alexa.Newton@gov.bc.ca>]
Sent: October-03-13 8:22 AM
To: Margi Nicholas
Subject: FW: Proposed Articles for Sechelt Innovations Ltd.

Hello Margi,

I was just thinking about our phone conversation from earlier this week and wanted to clarify the borrowing limit request. You were concerned that the articles would need to be changed if the borrowing limit was to be exceeded, however the borrowing limit would only require a shareholder resolution to permit borrowing over the limit (see excerpt below)

"except that the Company must not enter into any credit agreements, including amendments to existing credit agreements to increase the Company's overall borrowing limit, that contemplate the company incurring debt obligation that, if fully drawn, would exceed \$ CDN without the prior approval of the shareholders by an ordinary resolution."

Please feel free to contact me if you have any question,

Alexa

From: Newton, Alexa CSCD:EX
Sent: Tuesday, September 17, 2013 2:12 PM

To: 'Margi Nicholas'

Subject: FW: Proposed Articles for Sechelt Innovations Ltd.

Hello Margi,

I am reviewing the Articles for Sechelt Innovation Ltd. and require the following items and additional information before I can provide my recommendation to the Inspector:

- 1) A copy of the council resolution that approves the purchase of shares in the company and authorizes the request to obtain Inspector approval.
- 2) Will the corporation still receive funding from the District of Sechelt (\$150,000 from operating budget in the first year) per the background letter dated April 23, 2013? If so, is there a partnering agreement in place and would you be able to provide a copy to include with the recommendation for approval.
- 3) According to Article 8, the Company can take on as much debt as necessary. Although it is unclear if the Company has any intention to borrow in the future, we request that a borrowing limit provision be added. The borrowing limit should be aligned with the Company's future debt requirements as laid out in the long term budget. Below is an example of a clause that is typically included:

"except that the Company must not enter into any credit agreements, including amendments to existing credit agreements to increase the Company's overall borrowing limit, that contemplate the company incurring debt obligation that, if fully drawn, would exceed \$ CDN without the prior approval of the shareholders by an ordinary resolution."

- 4) It is stated that the District will exercise control over the corporation by owning all of the issued and outstanding shares. Has the District considered specifically including this in the Articles?

If the District or its lawyers would like to discuss any of the issues further please feel free to contact me. Once all of the above issues have been addressed we can proceed to Inspector approval.

Thank you.

Alexa Newton, CGA

Financial Officer

Local Government Infrastructure and Finance Division

Ministry of Community, Sport and Cultural Development

Phone: 250-387-4074

From: Kimberly Mittelsteadt [<mailto:mittelsteadt@lidstone.info>]

Sent: Friday, September 13, 2013 1:33 PM

To: Newton, Alexa CSCD:EX

Cc: Don Lidstone; Lindsay Parcells; henderson@sechelt.ca; Ron Buchhorn (RBuchhorn@sechelt.ca)
(RBuchhorn@sechelt.ca); Margi Nicholas (MNicholas@sechelt.ca)

Subject: Proposed Articles for Sechelt Innovations Ltd.

Dear Ms. Newton,

Please see the attached correspondence sent on behalf of Mr. Parcells.

Thank you,

Kimberly Mittelsteadt
Legal Assistant
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Strategic Plan

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Business in Sechelt

Traditionally, the economy in Sechelt held its roots in the forestry sector. But over the last several years, it has morphed into a service oriented economy that is bolstered by tourism. The residents and stakeholders of Sechelt are passionate and enthusiastic about supporting local businesses and attracting new businesses to the District.

Sechelt's commitment to a sustainable local economy also includes developing its key strategic infrastructure: communications, land/sea/air transportation, education, health care, construction and retail shops and services.

In addition to infrastructure development, Sechelt is also focused on sustainability through the development of its official community plan (OCP), managed land-use plans, community programs, and a local network of professional services.

Some examples of community, professional and trade organizations that support business in Sechelt include:

- Sechelt & District Chamber of Commerce.
- Sechelt Downtown Business Association.
- Offices of Municipal, Regional, and Provincial Government.
- Sunshine Coast Community Futures Development Corporation.
- FUSE Workhub.

Historically, Sechelt has worked closely with the Sunshine Coast Regional District and neighbour communities and groups to facilitate a co-operative business environment on the Sunshine Coast.



Sechelt has a business minded administration, infrastructure, and an able workforce. Through Sechelt Innovations, the District has demonstrated a commitment to supporting existing businesses and, to support its rapidly growing population, attracting new business opportunities.

Strengths and Opportunities

Affordability

80% of Sechelt residents own their home and pay a median mortgage of approximately 20% less than the provincial average. Prospective home owners can find a high quality home for a fraction of the price compared to the Greater Vancouver Regional District. Commercial space and vacant land also follows this trend.

Proximity to Urban Centers

The complete travel time from the downtown core of Vancouver to Sechelt is two hours. This makes shipping and logistics simple, and allows for a competitive advantage compared to other rural communities that may not have short supply chain routes.

Transportation

Many travelers to Sechelt fly directly from either Vancouver Harbour or adjacent from the Vancouver International Airport via regular float plane service. The scenic trip from Vancouver is less than 20 minutes. There is also regular floatplane service to Nanaimo. Future plans include expanding Sechelt's airport to provide regular scheduled services to various locations in BC and potentially internationally.

BC Ferries offers regular service to and from the Sunshine Coast from early morning until late evening. The short 40 minute trip provides scenic views of Howe Sound and local mountains. BC Transit operates public transportation within Sechelt and the Sunshine Coast.



Lifestyle

Sechelt offers an incredible quality of life. With a large variety of recreational outdoor activities, restaurants, and coast to coast beaches, Sechelt has been described as British Columbia's Hidden Gem and is well regarded as one of the best places to visit, work, live, and retire in all of Canada.

Tourism

Annually the Sunshine Coast experiences a tourist inflow of 150,000 visitors each looking to escape the urban lifestyle, take in beautiful scenery, and recreation. In Sechelt, you will often find visitors enjoying a large variety of recreational activities including mountain biking, kayaking, fishing, hiking, diving and golf.

Affordable Land

The availability of affordable land, in general terms, and the agricultural plan that's in development by the SCRD represent a commitment to land use within the District of Sechelt and the Sunshine Coast.

Technology

TELUS is working with Sechelt Innovations to connect the community to a Fibre Optic Network. Once complete, this will allow over 90% of residents and businesses to enjoy Western Canada's best home entertainment experience, Optik TV™, as well as access to the fastest internet speeds TELUS offers.

Heath Care

At the crux of our community is Vancouver Coastal Health – the top employer on the Sunshine Coast. With central offices in Sechelt and a new hospital, Sechelt is positioned as a medical hub that is readily available to fulfill the needs our constituents.



Active Adult Community

Sechelt's unique characteristics make it an ideal place for active adults who are winding down a business career or have made the shift into retirement. Well above the Provincial average of 15.7%, Sechelt's senior population is 33.7% and the District has many programs and services tailored to an active adult lifestyle.

Sechelt Innovations – Objective

The objective of Sechelt Innovations (SIL) is to create jobs and, over a ten year period, develop self sustainability by securing alternative sources of funds. Alternative funding includes:

1. Senior levels of government.
2. Private grants and sponsorships.
3. Revenue generating contracts, agreements and licenses.
4. Revenue generating partnerships.

Sechelt Innovations – Mandate

Sechelt Innovations is the business and project development arm of the District of Sechelt. As a business development entity, Sechelt Innovations was established to:

1. Support existing business & generate new business opportunities in Sechelt.
2. Develop an innovative and sustainable business environment.
3. Facilitate investment readiness.



Why is Innovation Important?

Innovation is the application of new solutions that meet new requirements or existing market needs. This is accomplished through more effective products, processes, services, technologies, or ideas that are readily available to markets, governments and society.

Why is Sustainable Development Important?

Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs. It supports an economy in equilibrium with the ecological, political and cultural systems prevalent within a specific community.

Friends and Neighbours of Sechelt (FANS)

Sechelt Innovations has developed a unique approach to business development that is supported by community engagement. The Friends and Neighbours of Sechelt (FANS) program is designed to maximize the community's participation in the business development process.

Connectors and facilitators are active business professionals in and around Sechelt. Sechelt Innovations will enlist these key business professionals to help identify people and businesses that align with the Five Pillars approach.

Advisors and mentors are experienced business leaders in and outside of Sechelt. These professionals have a long track record of business development success and, in many cases, maintain a retirement home in

Sechelt. Assistance is provided with high level business negotiations and investment attraction.



This approach, coupled with supportive business practices, is strategically designed to leverage the skills, abilities and networks of community leaders and stakeholders of Sechelt in support of innovative and sustainable business development.

Sechelt Innovations – Five Pillars

The following five business pillars have been identified as the key target industries within Sechelt. Within the five pillars, a number of focus areas have been identified through research and community consultation.

Tourism

- Hotel Development
- Weddings
- Restaurants
- Tourist Services

Agriculture

- Organic Farms
- Wineries
- Greenhouses - Vegetables
- Greenhouses - Flowers

Health & Wellness

- Senior Care (Assisted Living, In-Home Care, Fitness)
- Alternative Medicine
- Recreational Services
- Medical Marijuana

Education (Niche Facilities)

- Health & Wellness
- English as a Second Language
- Wildlife/Veterinarian Care
- Visual Arts

Technology

- IT Applications
- Medical Related
- Green-Tech
- Horticulture

Action Plan

The foundation of Sechelt Innovation's strategic plan is the development of business services and developing synergy and cooperation between existing entities.

- Support existing businesses by developing a business retention and expansion program.
- Maintain an accurate available land and built space inventory for potential businesses.
- Provide accurate statistics and demographics to existing stakeholders and potential investors.
- Facilitate communication and cooperation between other business support entities.
- Assist with business development reports and feasibility studies.
- Conduct extensive project development research based on Sechelt's Five Pillars.
- Assisting both new and existing businesses with new ventures, relocations and advice regarding the purchase and sale of businesses.
- Represent the business community's interests and concerns with relevant agencies both government and private.
- Host community workshops and promote business skill training.
- Act as a point of first contact for external investment in Sechelt.



- Implementation of joint branding initiatives with the District of Sechelt and other entities.
- Cooperate with provincial and federal business development programs including Opportunities BC.
- Develop marketing products including web and print and marketing strategies including tradeshow and events.
- Develop a customer relationship management (CRM) solution for business development communication and database management.

Staffing Plan

Sechelt Innovations is staffed by a senior director of business development, an experienced manager and a research and business development associate

Bookkeeping and accounting will be sourced from external third parties in accordance with SIL's Financial Plan.



Financial Plan

An Annual Operating Plan will be submitted each year to the board of directors of Sechelt Innovations Ltd. for approval.

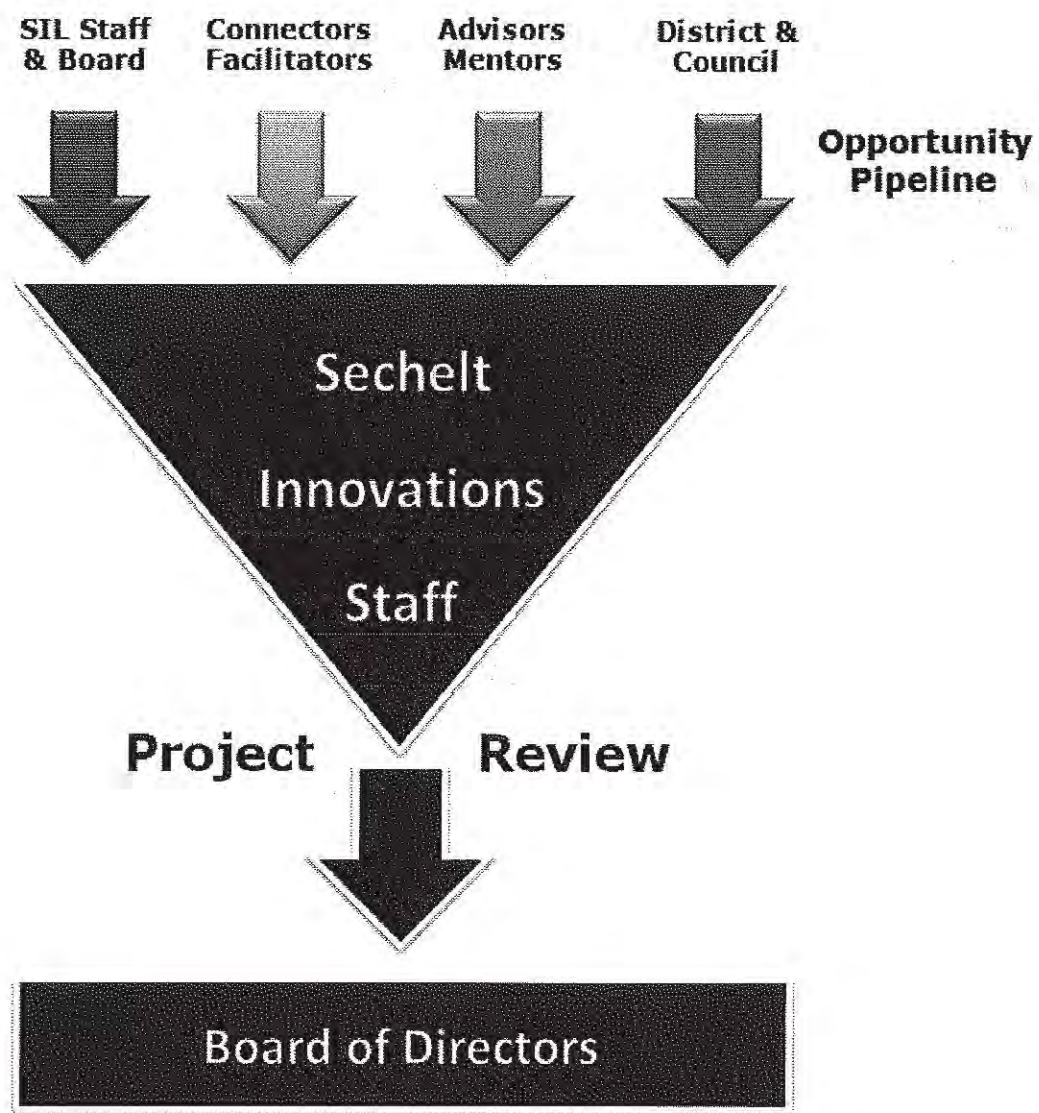
The following operating plan has been developed within the context of the 3-year Strategic Plan and supporting Financial Plan.

Sechelt Innovations

	2014	2015	2106
Revenue			
District of Sechelt	\$270,000	\$240,000	\$210,000
Other Sources	<u>\$30,000</u>	<u>\$60,000</u>	<u>\$90,000</u>
Total	\$300,000	\$300,000	\$300,000
Expenses			
Staff - Director	\$60,000	\$60,000	\$60,000
Staff - Manager	\$60,000	\$60,000	\$60,000
Staff - Associate	\$30,000	\$30,000	\$30,000
Office Rent	\$15,000	\$15,000	\$15,000
G&A	\$2,000	\$2,000	\$2,000
Insurance	\$1,000	\$1,000	\$1,000
Marketing	\$70,000	\$85,000	\$85,000
Travel	\$2,000	\$2,000	\$2,000
Staff Training	\$1,500	\$1,500	\$1,500
Accounting	\$10,000	\$10,000	\$10,000
Amortization	\$2,500	\$2,500	\$2,500
10% Contingency	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$30,000</u>
Total	\$284,000	\$299,000	\$299,000
Profit/Loss	\$16,000	\$1,000	\$1,000
Capital Purchases	<u>\$15,000</u>	<u>\$0</u>	<u>\$0</u>
Surplus/Deficit	\$1,000	\$1,000	\$1,000

Flow Chart

The following diagram represents the project development flow chart for Sechelt Innovations.



Newton, Alexa CSCD:EX

From: Margi Nicholas <MNicholas@sechelt.ca>
Sent: September-19-13 10:17 AM
To: Newton, Alexa CSCD:EX
Subject: RE: Proposed Articles for Sechelt Innovations Ltd.
Attachments: SIL Financials Aug 28-13.pdf

Hi Alexa, I am not aware that a business plan has been developed as of yet, the District only just hired staff to develop this for SIL. I've attached the financial statement to Aug 31/13.

Margi Nicholas H.Dipl. HRM, CHRP | DIRECTOR OF CORPORATE SERVICES & CORPORATE OFFICER | 604-740-8455

From: Newton, Alexa CSCD:EX [<mailto:Alexa.Newton@gov.bc.ca>]
Sent: September-19-13 9:17 AM
To: Margi Nicholas
Subject: RE: Proposed Articles for Sechelt Innovations Ltd.

Hello Margi,

Thank you for sending the resolutions. Would you also be able to provide the business plan as well as a financial plan outlining the sources or revenues and anticipated expenditures for SIL.

Thank you,

Alexa

From: Margi Nicholas [<mailto:MNicholas@sechelt.ca>]
Sent: Tuesday, September 17, 2013 3:34 PM
To: Newton, Alexa CSCD:EX
Subject: RE: Proposed Articles for Sechelt Innovations Ltd.

Hi Alexa,

Attached are the requested resolutions. I will look into the other matters and respond further.

Margi Nicholas H.Dipl. HRM, CHRP | DIRECTOR OF CORPORATE SERVICES & CORPORATE OFFICER | 604-740-8455

From: Newton, Alexa CSCD:EX [<mailto:Alexa.Newton@gov.bc.ca>]
Sent: September-17-13 2:12 PM
To: Margi Nicholas
Subject: FW: Proposed Articles for Sechelt Innovations Ltd.

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- 2) Will the corporation still receive funding from the District of Sechelt (\$150,000 from operating budget in the first year) per the background letter dated April 23, 2013? If so, is there a partnering agreement in place and would you be able to provide a copy to include with the recommendation for approval.
- 3) According to Article 8, the Company can take on as much debt as necessary. Although it is unclear if the Company has any intention to borrow in the future, we request that a borrowing limit provision be added. The borrowing limit should be aligned with the Company's future debt requirements as laid out in the long term budget. Below is an example of a clause that is typically included:

"except that the Company must not enter into any credit agreements, including amendments to existing credit agreements to increase the Company's overall borrowing limit, that contemplate the company incurring debt obligation that, if fully drawn, would exceed \$ CDN without the prior approval of the shareholders by an ordinary resolution."

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If the District or its lawyers would like to discuss any of the issues further please feel free to contact me. Once all of the above issues have been addressed we can proceed to Inspector approval.

Thank you.

Alexa Newton, CGA
Financial Officer
Local Government Infrastructure and Finance Division
Ministry of Community, Sport and Cultural Development
Phone: 250-387-4074

From: Kimberly Mittelsteadt [<mailto:mittelsteadt@lidstone.info>]
Sent: Friday, September 13, 2013 1:33 PM
To: Newton, Alexa CSCD:EX
Cc: Don Lidstone; Lindsay Parcells; henderson@sechelt.ca; Ron Buchhorn (RBuchhorn@sechelt.ca)
(RBuchhorn@sechelt.ca); Margi Nicholas (MNicholas@sechelt.ca)
Subject: Proposed Articles for Sechelt Innovations Ltd.

Dear Ms. Newton,

Please see the attached correspondence sent on behalf of Mr. Parcells.

Thank you,

Kimberly Mittelsteadt
Legal Assistant
LIDSTONE & COMPANY
Barristers and Solicitors
Suite 1300 - Sun Tower

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DISTRICT OF SECHELT
Project (6100) Sechelt Innovations
Income Statement
For the Period Ending August 29, 2013

Revenue:

District of Sechelt	\$ 150,000
Sunshine Coast Community Forest	200,000
Total Revenue	350,000

Expenditures:

Travel & Accommodation	108
Communications	174
Legal Fees	3,839
Contracted Services	22,777
Building Rental	171
Equipment Rental	1,294
Supplies	415
Total Expenditures	28,778

Surplus/(Deficit)	<u>\$ 321,222</u>
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Notes:

1. Sechelt Innovations Ltd is not operational pending approval of articles by the Inspector of Municipalities.
2. Current activities are under the oversight of the Business Development Committee.
3. Preliminary work is being undertaken under the District's business development program.

Pages 25 through 29 redacted for the following reasons:

s12, s16

s16



October 29, 2013

Ms. Margi Nicholas
Director of Corporate Services
District of Sechelt
Box 129
5797 Cowrie Street, 2nd Floor
Sechelt, BC V0N 3A0

Dear Ms. Nicholas:

Pursuant to the authority of section 185 of the *Community Charter* (Charter), I hereby approve the District of Sechelt to acquire all of the issued and outstanding shares of Sechelt Innovations Ltd.

In the event that the District of Sechelt proposes to transfer any assets or provide any financial assistance to Sechelt Innovations Ltd, please ensure that you comply with the applicable provisions of the Charter.

Upon completion, I request that you submit copies of the following documents for our records: Certificate of Incorporation, Certified Copy of Incorporation Application, Certified Copy of Notice of Articles, as issued by the Registrar of Companies and the Articles of Incorporation, in final, approved form.

Yours truly,

Glen Brown
Deputy Inspector of Municipalities

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LIDSTONE & COMPANY
BARRISTERS AND SOLICITORS

September 13, 2013

BY EMAIL

Alexa Newton, CGA
Financial Analyst
Government of British Columbia
Local Government Infrastructure and Finance Division
Ministry of Community, Sport and Cultural Development
4th Floor, 800 Johnson Street
PO Box 9838 Stn Prov Govt
Victoria, BC V8W 9T1

Dear Alexa:

Re: Proposed Articles for Sechelt Innovations Ltd. (the "Corporation")
10058 - 119

Pursuant to section 185 of the *Community Charter*, S.B.C. 2003, c. 26, we write on behalf of the District of Sechelt (the "District") to seek your approval for the District to acquire all of the issued and outstanding shares of the above-reference Corporation.

Background

The District has identified a need to further develop its economic potential and development business and employment opportunities for its residents. The Corporation will provide an entity to effectively address this need by engaging external expertise, freeing council and staff time and by limiting the District's liability while protecting the District's electorate from financial risk.

Business structure and municipal objectives

The District's intentions with respect to the Corporation are to have it focus on the following objectives:

1. To facilitate and encourage sustainable economic development in the District and the surrounding region through careful and

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TELEPHONE 604-899-2269 - FACSIMILE 604-899-2281 - TOLL FREE 1-877-339-2199
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British Columbia

comprehensive assessment of potential investments, businesses and industries in the District;

2. To develop programs to identify and target specific candidates for investment and the establishment of businesses and industries in the District;
3. To identify planning and marketing investment opportunities and work with potential investors, businesses and industries to facilitate and encourage sustainable economic development in the District; and
4. To undertake all business and activities that are ancillary to any of the above.

Municipal control

Council will exercise control over the Corporation by owning all of the issued and outstanding shares of the Corporation and having the authority to appoint all of the Directors for the Corporation.

Financial exposure of the municipal shareholder

The District's financial exposure will be limited to its investments in the Corporation. The Corporation will be entitled to borrow funds and raise monies in the usual manner including the issuing of bonds, debentures and other debt obligations; subject to the financial requirements of the *Community Charter* of which the District is fully aware. Article 27.3 also prohibits the Directors from authorizing the Corporation to borrow money on security provided by the District of Sechelt, or the repayment of which is guaranteed by the District, except where the District provides such security or guarantee in a manner permitted by law.

Conflict of interest guidelines

Section 13.4 restricts the appointment of directors to those persons who are not elected officials or employees of the District. As the District will own all of the issued and outstanding shares of the Corporation, Council will control all appointments to the Board and appointed directors will be answerable to Council on behalf of the District as the sole shareholder.

Duties and orientation of directors

All new directors will be provided with orientation by the District's Director of Corporate Services and Corporate Officer, Margi Nicholas, or another member of District staff, in relation to their new roles on the Corporation

{00258032; 3}

board and their legal obligations. The orientation will include a review of their responsibilities under the *Freedom of Information and Protection of Privacy Act*, the *Business Corporations Act* and other applicable regulations and enactments.

Consultation and public input

To date, the District has advised the public and sought consultation and public input with respect to the Corporation as follows:

1. Establishment of a vehicle to promote and support business development in Sechelt was identified as part of Council's 2012-2014 Strategic Plan (the "Strategic Plan"). This Strategic Plan has been available to the public through the District's website.
2. The Strategic Plan has been a source document for the development of District Financial Plans in 2012 and 2013. The development of these plans was discussed and debated at open Council and Committee Meetings in advance of adoption of the plans by Council at open Council meetings.
3. In reporting on District operations through the 2012 Annual Report, the Strategic Plan and efforts towards achieving the Strategic Plan were highlighted. This document was also made available to the public and received at an open Council meeting. Agendas for Council and Committee Meetings are publicly accessible through the District website and meeting dates are duly advertised on a regular basis.
4. In 2012, Sechelt Council established a Business Development Advisory Committee which considered agenda items including the establishment and goals setting for the Corporation. The minutes of this Advisory Committee's meetings are included for consideration of adoption at open Council meetings.
5. Throughout 2012 and 2013, District Council hosted three 'think tank' sessions/workshops with focus groups in the business sector regarding establishment of a business development entity, and other subjects.
6. From July 7-31, 2013, the District publicly advertised for volunteers to serve on the Board for the Corporation and for applications for the Director of Business Development for the Corporation.

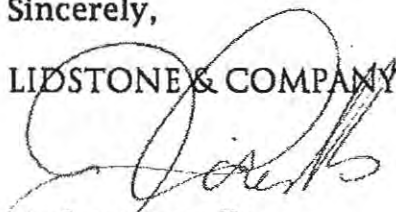
Additional information and enclosed documents

In support of this application, we are enclosing a copy of the proposed Corporation articles. Upon approval by the Inspector, an application will be made to the corporate registry to amend the existing articles of the Corporation to this form of articles. Upon amendment of the articles in accordance with the *Business Corporations Act*, the District will then acquire all of the issued and outstanding shares in the Corporation.

We trust you find the foregoing satisfactory and please contact the undersigned if you have any questions or concerns.

Sincerely,

LIDSTONE & COMPANY



Lindsay Parcels
parcells@lidstone.info

LP/lp

- c. John Henderson, Mayor
Ron Buchhorn, Chief of Innovation and Growth
Margi Nicholas, Director of Corporate Services

Incorporation Num

Final
Version

SECHELT INNOVATIONS LTD.
(the "Company")

The Company has as its articles the following articles.

Full name and signature	Date of signing
 Print Full Name:	 _____, 2013

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Incorporation Number: _____

ARTICLES OF SECHELT INNOVATIONS LTD.
(the “Company”)

1. INTERPRETATION**1.1 Definitions**

In these Articles, unless the context otherwise requires:

- (a) “**board of directors**”, “**directors**” and “**board**” mean the directors or sole director of the Company for the time being;
- (b) “***Business Corporations Act***” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (c) “**legal personal representative**” means the personal or other legal representative of the shareholder;
- (d) “**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (e) “**seal**” means the seal of the Company, if any;
- (f) “**ordinary resolution**”, “**special resolution**” and “**unanimous resolutions**” have the meanings ascribed to them in the *Business Corporations Act*.

1.2 *Business Corporations Act* and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES**2.1 Authorized Share Structure**

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (b) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (b) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine, with the approval of the current shareholders by ordinary resolution. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (a) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (i) past services performed for the Company;
 - (ii) property;
 - (iii) money; and
- (b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

- (a) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company, and
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (a) the Company is insolvent; or
- (b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (a) is not entitled to vote the share at a meeting of its shareholders;
- (b) must not pay a dividend in respect of the share; and
- (c) must not make any other distribution in respect of the share.

8. BORROWING POWERS

The Company, if authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person;
- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company;
- (e) except that the Company must not enter into any credit agreements, including amendments to existing credit agreements to increase the Company's overall borrowing limit, that contemplate the company incurring debt obligation that, if fully drawn, would exceed \$5,000,000 CDN without the prior approval of the shareholders by an ordinary resolution.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by special resolution:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may by special resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles subject to approval of the shareholder and the Inspector of Municipalities.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors. An annual general meeting shall be open to the public. The Company will give notice of an annual general meeting in substantially the same manner as the District of Sechelt gives the public notice of its meetings that are open to the public.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Annual Information Meeting Instead of Annual General Meeting

If a resolution is passed under Article 10.2 to forego an annual general meeting, an annual information meeting must be held at a location within the District of Sechelt, which meeting will be open to the public, chaired by a senior officer of the Company or director authorized by the Board of Directors and attended by a majority of the Company's directors. The Company will give notice of an annual information meeting in substantially the same manner as the District of Sechelt gives the public notice of its meetings that are open to the public. At each annual information meeting the Company will make available to attendees copies of the Company's most recent audited financial statements, including the auditor's report thereon, and the appropriate Company officer(s) or director(s) will report on and respond to questions from the attendees about the Company's business and affairs.

10.4 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.5 Notice of Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, at least 10 days before the meeting.

10.6 Interim Reporting to Shareholders

In addition to the preparation and delivery of annual audited financial statements to the shareholders in accordance with Article 22.4, the Company will prepare and deliver to the shareholders interim quarterly reports.

10.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (a) state the general nature of the special business; and
- (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
 - (ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (b) at an annual general meeting, all business is special business except for the following:
 - (i) business relating to the conduct of or voting at the meeting;
 - (ii) consideration of any financial statements of the Company presented to the meeting;
 - (iii) consideration of any reports of the directors and auditor;
 - (iv) the setting or changing of the number of directors;
 - (v) the election or appointment of directors;
 - (vi) the appointment of an auditor;
 - (vii) the setting of the remuneration of an auditor;
 - (viii) business arising out of a report of the directors not requiring the passing of a special resolution; or
 - (ix) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (a) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (b) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

- (a) the chair of the board, if any, or
- (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (a) the poll must be taken:
 - (i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (ii) in the manner, at the time and at the place that the chair of the meeting directs;
- (b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (c) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Share

Subject to any special rights or restrictions attached to any shares (and to the restrictions imposed on joint shareholders under Article 12.3):

- (a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (a) for that purpose, the instrument appointing a representative must:
 - (i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
 - (ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (b) if a representative is appointed under this Article 12.5:
 - (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.7 to 12.15 apply only insofar as they are not inconsistent with any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and insofar as they are not inconsistent with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]

(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting. Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder):

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder-printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 Number of Directors

The number of directors is to be the number of directors elected at the annual general meeting which number shall be not more than nine and not less than five.

13.2 Term of Office

A director elected at an annual general meeting shall hold office for a term until the second annual general meeting following the meeting at which they were elected. A director appointed at any time other than at an annual general meeting shall hold office for the term specified by the shareholders. Notwithstanding the foregoing provisions of this Article 13.2, at the next annual general meeting after adoption of these Articles, one half of the directors shall be elected for a two-year term with the remaining directors elected for a one-year term.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

- (a) A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.
- (b) Except for Officers of the Company, no employee of the Company shall be eligible to be a director of the Company.

- (c) An elected official or an employee of a shareholder of the Company shall not be eligible to be a director of the Company.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by ordinary resolution.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, directors such that the Company has a board of directors consisting of the number of directors for the time being set under these Articles; and
- (b) subject to Article 13.2, all directors whose term of office is to end at the then-present annual general meeting will cease to hold office immediately before the election or appointment of directors under paragraph (a) but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election or appointment of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*, or
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director.

14.3 Failure to Elect or Appoint Directors

If:

- (a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (a) the date on which his or her successor is elected or appointed; and
- (b) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of summoning a meeting of shareholders for the purpose of filling any vacancies on the board, or, subject to the *Business Corporations Act*, for any other purpose.

14.5 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.6 Ceasing to be a Director

A director ceases to be a director when:

- (a) the term of office of the director expires;

- (b) the director dies;
- (c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (d) the director is removed from office pursuant to Articles 14.7 or 14.8.

14.7 Removal of Director by Shareholders

The shareholders may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.8 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign. The directors may appoint a director to fill the resulting vacancy.

15. POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney

may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

16. DISCLOSURE OF INTEREST OF DIRECTORS

16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

16.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

16.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

16.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

16.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms that the directors may determine and which are approved by the shareholders by ordinary resolution.

16.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with

the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.7 Professional Services by Director

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer of such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.8 Director or Officer in other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

17. PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

17.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

17.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (a) the chair of the board, if any;
- (b) in the absence of the chair of the board, the president, if any, if the president is a director;
or
- (c) any other director chosen by the directors if:
 - (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

- (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
- (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

17.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

17.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

17.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (b) the director has waived notice of the meeting.

17.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings

Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and all meetings of the directors so held are deemed not be improperly called or constituted by reason of notice not having been given to such director.

17.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors but may be not less than three directors.

17.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article may be by signed document, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

18. EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (a) the power to fill vacancies in the board of directors; and
- (b) the power to remove a director.

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:
 - (i) the power to fill vacancies in the board of directors;
 - (ii) the power to remove a director;
 - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors;
 - (iv) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) report every act or thing done in exercise of those powers at such times as the directors may require.

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

18.5 Committee Meetings

Subject to Article 18.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

- (a) the committee may meet and adjourn as it thinks proper;
- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

19. OFFICERS

19.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (a) determine the functions and duties of the officer;

- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

19.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits, pension or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors.

20. INDEMNIFICATION

20.1 Definitions

In this Article 20:

- (a) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (b) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director or former director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director of the Company:
 - (i) is or may be joined as a party; or
 - (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (c) “expenses” has the meaning set out in the *Business Corporations Act*.

20.2 Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company must indemnify a director or former director of the Company and his or her heirs and legal personal representatives against all

eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person with notification being given to the shareholders.

20.4 Non-Compliance with *Business Corporations Act*

The failure of a director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

20.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (a) is or was a director, officer, employee or agent of the Company;
- (b) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (c) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (d) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

21. DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (a) set the value for distribution of specific assets;
- (b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

21.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

21.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

21.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22. ACCOUNTING RECORDS

22.1 Fiscal Year End

The Directors shall set December 31 in each year as the Fiscal Year End of the Company.

22.2 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the provisions of the *Business Corporations Act*.

22.3 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

22.4 Financial Statements Shall Be Audited

An audit of the financial statements of the Company shall be conducted in respect of each fiscal year and such audited financial statements must be made available to the shareholder prior to the annual general meeting.

22.5 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

23. NOTICES

23.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (i) for a record mailed to a shareholder, the shareholder's registered address;
 - (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (iii) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
 - (i) for a record delivered to a shareholder, the shareholder's registered address;
 - (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (iii) in any other case, the delivery address of the intended recipient;
- (c) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class; and
- (d) physical delivery to the intended recipient.

23.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other

record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 22.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

23.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (a) mailing the record, addressed to them:
 - (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in paragraph (a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24. SEAL

24.1 Who May Attest Seal

Except as provided in Article 24.2, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

24.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer.

25. DISPOSAL OF LOCAL GOVERNMENT ASSETS

Where a shareholder who is a local government transfers property of the local government to the Company for less than market value consideration, the Company will not dispose of such property without the prior written approval of the shareholder.

26. BUSINESS RESTRICTIONS

The Company is restricted from carrying on any business except the following:

- (a) facilitating and encouraging sustainable business development in Sechelt, British Columbia ("Sechelt") through professional assessment of potential investments, businesses and industries in Sechelt;
- (b) development of programs to identify and target specific candidates for investment and the establishment of businesses and industries in Sechelt;
- (c) identification, planning and marketing investment opportunities and working with potential investors, businesses and industries to facilitate and encourage sustainable business development in Sechelt; and
- (d) all business and activities that are ancillary to any of the above.

The Company may form a subsidiary company subject to approval of the shareholder and the Inspector of Municipalities.

27. MISCELLANEOUS

27.1 Freedom of Information

Whether or not the *Freedom of Information and Protection of Privacy Act* applies to the Company, for so long as the District of Sechelt is a member of the Company the Directors will cause the Company to make Company documents available to the public where that Act would require that they be disclosed if it did apply to the Company.

27.2 Records Available at Municipal Office

Copies of audited financial statements and approved Company Articles will be kept at the office of the shareholder.

27.3 Municipal Security and Guarantees

The Directors will not authorize the Company to borrow money on security provided by the District of Sechelt, or the repayment of which is guaranteed by the District, except where the District provides such security or guarantee in a manner permitted by law.

LIDSTONE & COMPANY
BARRISTERS AND SOLICITORS

MAY 10 2013

April 23, 2013

BY MAIL

Inspector of Municipalities
Ministry of Community Services
PO Box 9838 Stn Prov Govt
Victoria, B.C. V8W 9T1

First
Submission
For filing

Dear Ladies and Gentlemen:

Re: Sechelt Innovations Limited
File 10058-119

Pursuant to section 185 of the *Community Charter*, S.B.C. 2003, c. 26, we write on behalf of the District of Sechelt (the "District") to seek your approval for the District's acquisition of the shares of Sechelt Innovations Ltd. (the "Corporation"). The Corporation is incorporated and all of the issued and outstanding shares of the Corporation are currently held by the City's solicitors, Lidstone & Company. Lidstone & Company holds the shares of the Corporation in trust for the District in accordance with a trust agreement between Lidstone and Company and the District.

Background

The District has identified a need for an independent entity focused on business development in the region. Specifically, such a body would have as its purpose the targeting of specific business opportunities and investors, and working specifically to develop these opportunities. Effective business development requires a careful and comprehensive assessment of what types of investments, businesses and industries will find Sechelt attractive, and the development of a programme to identify and target specific candidates. This may be done most effectively by an independent municipally-owned entity whose efforts model those of the target companies and investments by having a business and profit focus.

Business structure and local government objectives

The Corporation will have a board of directors composed of industry leaders committed to the well-being of the District, with the overarching

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TELEPHONE 604-899-2269 - FACSIMILE 604-899-2281 - TOLL FREE 1-877-339-2199

goal of driving sustainable economic development in the Sechelt region, which has much to offer potential investors but is not currently well-known. The Corporation represents an opportunity to foster the creation of jobs and economic activity for the community. New investment will lead to expanded tax revenue for the District, which can be used to further foster community health and vibrance.

The development of an effective business development programme will require a combination of marketing knowledge, technical skills and business experience. Such expertise can most effectively be harnessed in the form of a carefully chosen board of directors, composed of industry leaders committed to the well-being of Sechelt, who will run a company with directions and objectives controlled by the District. The Board of Directors will provide effective leadership and practical, creative ideas to the staff of Sechelt Innovations on business development opportunities.

The District's objectives with respect to the creation of the Corporation will be accomplished through the following key functions:

- Identification of investment opportunities
- Production of collateral to use in marketing efforts
- Identification of potential investors
- Identification and planning of specific business development initiatives

Municipal control

Council will exercise control over the Corporation by owning all of the issued and outstanding shares of the Corporation and having the authority to appoint all of the Directors and Officers for the Corporation. The Corporation's articles also require shareholder (municipal) approval for all major decisions not of an administrative nature.

Financial exposure of the municipal shareholder

The District anticipates providing funding of \$300,000, as detailed below, to cover start up and operational costs for the corporation's first year. The Corporation will be entitled to borrow funds and raise monies in the usual manner including the issuing of bonds, debentures and other debt obligations; subject to the financial requirements of the *Local Government Act* of which the District is fully aware. This initiative will ensure that Sechelt generates investment that will create new jobs for years to come. As such, it warrants the District of Sechelt providing significant funding to ensure success.

Conflict of interest guidelines

With regard to conflict of interest, the Corporation articles do not place any restrictions on the appointment of directors other than those set out in the *Business Corporations Act*; however, the District intends to appoint persons other than members of Council to act as Directors of the Corporation. As the District will own all of the issued and outstanding shares of the Corporation, Council will control all appointments to the Board and appointed directors will be answerable to Council on behalf of the District as the sole shareholder.

Duties and orientation of directors

All new directors will be provided with orientation by the District's Chief Administrative Officer and the District's solicitors, Lidstone & Company, in relation to their new roles on the Corporation board and their legal obligations. The orientation will include a review of their responsibilities under the *Freedom of Information and Protection of Privacy Act*, the *Business Corporations Act* and other applicable regulations and enactments.

Consultation and public input

The District will conduct public consultations during the first year of the Corporation's operation and before the District makes any further commitments to the Project.

Additional information and enclosed documents

In support of this application, we are enclosing the following documents:

1. A copy of a Report to Council providing a profile of the Project, dated March 13, 2013; and
2. A copy of the Corporation's proposed articles (which have been drafted to satisfy the Inspector's requirements with respect to corporations held by municipalities).

A copy of the District Council resolution approving the District's acquisition of the Corporation will follow shortly under separate cover.

Thank you in advance for your consideration of this application and please contact us if you require further information or documentation.

Sincerely,

LIDSTONE & COMPANY



Lindsay Parcels
parcells@lidstone.info

c. Chris Connor, Sechelt Corporate Officer
Ron Buchhorn, Chief of Innovation and Growth

Encl.

REQUEST FOR DECISION

TO: Council

REPORT DATE: March 23, 2013

TARGET DECISION DATE: April 3, 2013

FROM: Business Development Committee

RE: Sechelt Innovations Ltd.

FILE NO: 0360-20

PURPOSE***Background***

A top priority for Sechelt Council in 2013 is to create more investment, business and industry in Sechelt. This will lead to more jobs, more younger residents, a stronger economic base and generally a stronger and more vibrant community.

Sechelt has a great variety of opportunities for investors and businesses in a wide variety of areas. Our challenge is that we are not as well-known as a location for investors and entrepreneurs.

Objectives

"Business development" is the process of targeting specific business opportunities and investors and working specifically on these opportunities. It is not an advertising and marketing campaign or general economic development approach.

Business development requires a careful and comprehensive assessment of what types of investments, businesses and industries will find Sechelt attractive and developing a programme to identify and target specific candidates.

Armed with a clear set of priorities and identification of key targets, a business development programme will be able to clearly measure and demonstrate the results of their efforts.

Initially, the focus should be on promoting such opportunities in Sechelt to targets in the Lower Mainland, with other targeted areas to follow.

Structure / Governance

Developing an effective business development programme requires a combination of marketing knowledge, technical skills and business experience.

Our Business Development efforts need to model those of the target companies and investments – by having a business and profit focus.

To achieve the best, we recommend that this initiative be implemented by a separate legal entity, Sechelt Innovations Ltd., with a board of directors composed of industry leaders committed to the well-being of Sechelt.

The Board of Directors will provide effective leadership and practical, creative ideas to the staff of SIL on business development opportunities.

In many cases, Sechelt Innovations will want to call on Mayor & Council to take a leadership role in various aspects of these initiatives.

Key Functions

- Identify investment opportunities
- Produce collateral to use in marketing efforts
- Identify potential investors
- Identify and plan specific business development initiatives

- Short term deliverables (3 months)
 - Design specific practical effective collateral
 - Identify 20 qualified investment and business opportunities
 - Identify ten qualified investors

- Longer term deliverables (12 months)
 - Play a key role in the creation of at least 3 business investments that create at least 30 jobs within 12 months
 - Develop a sustainable programme of ongoing business development activities to keep Sechelt on the forefront of business leaders and investors
 - Play a leadership role in identifying opportunities that the District can use to attract new businesses and investments
 - Demonstrate the return to the community from the efforts of Sechelt Innovations.

Strategic Plan

This initiative is consistent with The District of Sechelt's strategic plans pertaining to building a thriving local economy.

Sustainability Guiding Principles – N/A

Policy Implications

The development of a sophisticated, results-oriented business development initiative will aid in enhancing the well-being of Sechelt. Job creation, leads to a stronger and more vibrant economy. On a pragmatic note, new investment leads to expanded tax revenue for the District – meaning the investment of the amounts outlined above will be returned to the District many times over.

Financial Implications

Staffing & Budget

To be effective, Sechelt Innovations needs to have 2 full time and one part-time staff, as follows:

Business Development Executive	\$ 70,000
Marketing and Research Assistant	\$ 50,000
Clerk / Receptionist	\$ 10,000

Other recurring costs:

Office and related overhead	\$ 35,000
Marketing, advertising and travel	\$ 50,000
Initial collateral design and production	\$ 25,000

\$240,000

One time costs:

Office setup	\$ 20,000
Legal, etc.	\$ 5,000
	\$ 25,000

Total costs first year	\$290,000
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Funding

This initiative will ensure that Sechelt generates investment that will create new jobs for years to come. As such, it warrants the District of Sechelt providing significant funding to ensure success.

To this end, funding of \$300,000 to cover the above costs for the first year should be provided by the District of Sechelt from:

- An allocation from the 2013 Operating Budget \$150,000
- Proceeds from a special dividend declared by the Sunshine Coast Community Forest from their accumulated surplus. \$200,000

Communication Strategy

The formation of Sechelt Innovations Ltd. will be announced as part of the District's routine public information process.

Conclusion

Development of an effective business development programme targeted at qualified investors with an arsenal of quality investment opportunities is vital for the prosperity of Sechelt.

RECOMMENDATIONS

1. That the report from the Business Development Committee dated March 25, 2013 regarding Sechelt Innovations Ltd. be received.
2. That Council directs staff to establish Sechelt Innovations Ltd. as a wholly-owned subsidiary to manage the business development activities of the District.
3. That Council requests that the Board of Directors of the Sunshine Coast Community Forest make a commitment in the amount of \$200,000 to help fund the first year of operations of Sechelt Innovations Ltd.
4. That Council requests the Board of Directors of the Sunshine Coast Community Forest make a commitment of at least \$200,000 per year for a minimum period of two additional years to help fund Sechelt Innovations Ltd. on a long term basis.
5. That Council allocate \$150,000 from the District of Sechelt's 2013 Operating Budget to fund a portion of this initiative.

Respectfully submitted,

BUSINESS DEVELOPMENT COMMITTEE

Mayor John R. Henderson

Councillor Tom Lamb

Councillor Chris Moore

Incorporation number: _____

SECHELT INNOVATIONS LIMITED

(the "Company")

ARTICLES

1. Interpretation
2. Purpose
3. Shares and Share Certificates
4. Issue of Shares
5. Share Registers
6. Share Transfers
7. Transmission of Shares
8. Purchase of Shares
9. Borrowing Powers
10. Alterations
11. Meetings of Shareholders
12. Proceedings at Meetings of Shareholders
13. Votes of Shareholders
14. Directors
15. Election and Removal of Directors
16. Alternate Directors
17. Powers and Duties of Directors
18. Disclosure of Interest of Directors
19. Proceedings of Directors
20. Executive and Other Committees
21. Officers
22. Indemnification
23. Dividends
24. Accounting Records
25. Notices
26. Seal
27. Prohibitions
28. Restrictions on business and operations
29. Miscellaneous

1. Interpretation

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (a) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;
- (b) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) in force and all regulations and amendments made pursuant to it;

- (c) “*District*” means the District of Sechelt, British Columbia, a municipal corporation incorporated under the provisions of the *Local Government Act*;
- (d) “*District Personnel*” means any elected official, manager, employee, contractor or agent of the District;
- (e) “*Community Charter*” means the *Community Charter* (British Columbia) in force and includes all regulations and amendments made pursuant to it;
- (f) “*FIPPA*” means the *Freedom of Information and Protection of Privacy Act* (British Columbia) in force and includes all regulations and amendments made pursuant to it;
- (g) “*Interpretation Act*” means the *Interpretation Act* (British Columbia) in force and includes all regulations and amendments made pursuant to it;
- (h) “legal personal representative” means the personal or other legal representative of the shareholder;
- (i) “*Local Government Act*” means the *Local Government Act* (British Columbia) in force and includes all regulations and amendments made pursuant to it;
- (j) “*Municipality*” has the meaning prescribed in the *Community Charter* and shall include a Municipality which is a shareholder of the Company;
- (k) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (l) “seal” means the seal of the Company, if any.

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. Purpose

The Company exists in order to assist in driving sustainable economic development in the Sechelt region through careful and comprehensive assessments of what types of investments, businesses and industries will find Sechelt attractive, and the development of programmes to identify and target specific candidates. More specifically, the Company identifies investment opportunities, produces collateral to use in marketing efforts, identifies potential investors, and identifies and plans specific business development initiatives.

3. Shares and Share Certificates

3.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

3.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

3.3 Shareholder Entitled to Certificate or Acknowledgment

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

3.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgment is lost in the mail or stolen.

3.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (b) issue a replacement share certificate or acknowledgment, as the case may be.

3.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (b) any indemnity the directors consider adequate.

3.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

3.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

3.9 Recognition of Trusts

Unless approved by the directors or except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

4. Issue of Shares

4.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the shareholders may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

4.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

4.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

4.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (a) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (i) past services performed for the Company;
 - (ii) property;
 - (iii) money; and
- (b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

4.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the shareholders determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

5. Share Registers

5.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

5.2 Closing Register

The Company must not at any time close its central securities register.

6. Share Transfers

6.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

- (a) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company;
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company; and
- (d) such transfer has been approved by the shareholders.

6.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

6.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

6.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a

complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

6.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

6.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

7. Transmission of Shares

7.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

7.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

8. Purchase of Shares

8.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the shareholders, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

8.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (a) the Company is insolvent; or
- (b) making the payment or providing the consideration would render the Company insolvent.

8.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (a) is not entitled to vote the share at a meeting of its shareholders;
- (b) must not pay a dividend in respect of the share; and
- (c) must not make any other distribution in respect of the share.

9. Borrowing Powers

9.1 Shareholders may authorize borrowing

Subject to Article 8.2 below, the Company, if authorized by the shareholders by an ordinary resolution, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

9.2 Borrowing limit

The Company will not borrow money, enter into any credit agreements, including amendments to existing credit agreements to increase the Company's overall borrowing or that contemplate the Company incurring debt obligations that, if fully drawn, would exceed \$1,750,000.00 CDN without the prior written consent of the Inspector of Municipalities.

10. Alterations

10.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by special resolution:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

10.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may by special resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

10.3 Change of Name

The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

10.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

10.5 Consent to Alterations

Notwithstanding the other provisions of these Articles, the Company will not alter or amend the restriction in Articles 5.1, 8.1, 8.2, 9.4, 9.5, 9.6, 11.1, 11.2, 13.2, 13.5, 16.2, 16.3, 16.5, 18.1, 20.3, 23.2, 27.1, 27.2, 28.1 and 28.2 in any way without the prior written consent of the Inspector of Municipalities.

10.6 Consent for Subsidiaries

The Company will not create, organize or facilitate the incorporation of a subsidiary corporation of the Company without the prior written consent of the Inspector of Municipalities.

11. Meetings of Shareholders

11.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

11.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

11.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

11.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

11.5 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (a) if and for so long as the Company is a public company, 21 days; or
- (b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

11.6 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on

which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

11.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

11.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (a) state the general nature of the special business; and
- (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
 - (ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

12. Proceedings at Meetings of Shareholders

12.1 Special Business

At a meeting of shareholders, the following business is special business:

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (b) at an annual general meeting, all business is special business except for the following:
 - (i) business relating to the conduct of or voting at the meeting;
 - (ii) consideration of any financial statements of the Company presented to the meeting;
 - (iii) consideration of any reports of the directors or auditor;
 - (iv) the setting or changing of the number of directors;
 - (v) the election or appointment of directors;
 - (vi) the appointment of an auditor;
 - (vii) the setting of the remuneration of an auditor;

- (viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
- (ix) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

12.2 No waiver of appointment of auditor

Notwithstanding the provisions of the *Business Corporations Act*, including without limitation subsection 203(2) of the *Business Corporations Act*, a resolution to waive the appointment of an auditor will be of no force or effect.

12.3 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is three-quarters of the votes cast on the resolution.

12.4 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

12.5 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (a) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (b) that shareholder, present in person or by proxy, may constitute the meeting.

12.6 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

12.7 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

12.8 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

12.9 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

12.10 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

- (a) the chair of the board, if any; or
- (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

12.11 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

12.12 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

12.13 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

12.14 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

12.15 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the

chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

12.16 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

12.17 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

12.18 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (a) the poll must be taken:
 - (i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (ii) in the manner, at the time and at the place that the chair of the meeting directs;
- (b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (c) the demand for the poll may be withdrawn by the person who demanded it.

12.19 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

12.20 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

12.21 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

12.22 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

12.23 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

12.24 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

13. Votes of Shareholders

13.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

13.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

13.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

13.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

13.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (a) for that purpose, the instrument appointing a representative must:
 - (i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of

- proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (b) if a representative is appointed under this Article 12.5:
 - (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

13.6 Proxy Provisions Do Not Apply to All Companies

If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.7 to 12.15 apply only insofar as they are not inconsistent with any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and insofar as they are not inconsistent with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation.

13.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

13.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

13.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or

- (c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

13.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

13.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

13.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

The undersigned, being a shareholder of Sechelt Innovations Ltd. (the "Company") hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting. Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder):

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder—printed]

13.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) provided, at the meeting, to the chair of the meeting.

13.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

13.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

14. Directors

14.1 First Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*.

14.2 Number of Directors

The Company's Board of Directors will consist of one director, or such other number as may be determined by the shareholders by ordinary resolution.

14.3 Filling of Vacancies on Board of Directors

With respect to the Company's Board of Directors:

- (a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (b) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

14.4 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

14.5 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

14.6 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the shareholders may from time to time determine by ordinary resolution. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

14.7 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

14.8 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the shareholders by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

15. Election and Removal of Directors

15.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles, or such other number as the shareholders may determine;
- (b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

15.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

- (c) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

15.3 Failure to Elect or Appoint Directors

If:

- (a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (c) the date on which his or her successor is elected or appointed; and
- (d) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

15.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

15.5 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

15.6 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

15.7 Ceasing to be a Director

A director ceases to be a director when:

- (a) the term of office of the director expires;
- (b) the director dies;

- (c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (d) the director is removed from office pursuant to Articles 14.10 or 14.11.

15.8 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

15.9 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the shareholders may appoint a director to fill the resulting vacancy.

16. Alternate Directors

16.1 Appointment of Alternate Director

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

16.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

16.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (a) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (b) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (c) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;

- (d) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

16.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

16.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

16.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

16.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (b) the alternate director dies;
- (c) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (d) the alternate director ceases to be qualified to act as a director; or
- (e) his or her appointor revokes the appointment of the alternate director.

16.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

17. Powers and Duties of Directors

17.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

17.2 Fiscal Year End and Audited Financial Statements

The Directors shall set December 31 in each year as the Fiscal Year End of the Company and the Directors shall make Audited Financial Statements available to the Shareholders of the Company within 90 days of the Company's Fiscal Year End in each year.

17.3 Restriction on authorizing Municipal Security and Guarantees

The Directors will not authorize the Company to borrow money on security provided by any Municipality shareholder, or the repayment of which is guaranteed by a Municipality shareholder, except where the Municipality provides such security or guarantee in a manner permitted by law.

17.4 Appointment of Attorney of Company

The shareholders by ordinary resolution may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the shareholders or directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the shareholders may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

16.5 Restrictions on Powers of Board of Directors

For so long as a Municipality is a shareholder of the Company, in addition to any other restrictions in these articles, the Directors shall not be permitted to take any action that may cause the Company or the District to be in conflict with any provision of the *Community Charter* or the *Local Government Act* without the approval of the shareholders.

18. Disclosure of Interest of Directors

18.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

18.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

18.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

18.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

18.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

18.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

18.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

18.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

19. Proceedings of Directors

19.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals, may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine; always provided that the minimum number of meetings held by the Directors shall be one meeting per calendar year.

19.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

19.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (a) the chair of the board, if any;

- (b) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (c) any other director chosen by the directors if:
 - (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

19.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

19.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

19.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

19.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (b) the director or alternate director, as the case may be, has waived notice of the meeting.

19.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

19.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

19.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

19.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

19.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19.13 Reporting to District of Sechelt

For so long as the District of Sechelt (the "District") is a shareholder of the Company, the Company's board of directors shall report to the District's municipal council at least once every four (4) months in writing or as otherwise directed by the District or District Personnel with

respect to the affairs and business of the Company and the Company's board of directors shall promptly respond to any inquiries or requests made by the District or District Personnel.

20. Executive and Other Committees

20.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (a) the power to remove a director;
- (b) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (c) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

20.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:
 - (i) the power to fill vacancies in the board of directors;
 - (ii) the power to remove a director;
 - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (iv) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

20.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) report every act or thing done in exercise of those powers at such times as the directors may require.

20.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

20.5 Committee Meetings

Subject to Article 19.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (a) the committee may meet and adjourn as it thinks proper;
- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

21. Officers

21.1 Shareholders May Appoint Officers

The shareholders by ordinary resolution may, from time to time, appoint such officers, if any, as the shareholders determine and the shareholders may, at any meeting, terminate any such appointment.

21.2 Functions, Duties and Powers of Officers

The shareholders may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the shareholders think fit; and
- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

21.3 Qualifications of Officers

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. For so long as a Municipality is a shareholder of the Company, no officer may be appointed for whom a conflict of interest exists under Division 6 of Part 4 of the *Community Charter*. One person may hold more than one position as an officer of the Company.

Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the shareholders may determine by ordinary resolution and are subject to termination at the pleasure of the shareholders.

22. Indemnification

22.1 Definitions

In this Article 21:

- (a) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (b) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
 - (i) is or may be joined as a party; or
 - (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
 - (iii) “expenses” has the meaning set out in the *Business Corporations Act*.

22.2 Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

22.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

22.4 Non-Compliance with *Business Corporations Act*

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

22.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (a) is or was a director, alternate director, officer, employee or agent of the Company;
- (b) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

- (c) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (d) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

23. Dividends

23.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

23.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the shareholders may from time to time declare and authorize payment of such dividends as they may deem advisable.

23.3 Record Date

The shareholders may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

23.4 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

23.5 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.4, the shareholders may settle the difficulty as they deem advisable, and, in particular, may:

- (a) set the value for distribution of specific assets;
- (b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

23.6 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the shareholders.

23.7 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

23.8 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

23.9 Dividend Bears No Interest

No dividend bears interest against the Company.

23.10 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

23.11 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

23.12 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the shareholders may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

24. Accounting and Corporate Records

24.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

24.2 Corporate Records and Audited Financial Statements available to the Public

For so long as a Municipality is a shareholder of the Company, a copy of these Articles and the audited financial statements of the Company shall be made available for public inspection at the municipal office of the Municipality shareholder.

25. Notices

25.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (i) for a record mailed to a shareholder, the shareholder's registered address;

- (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (iii) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
 - (i) for a record delivered to a shareholder, the shareholder's registered address;
 - (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (iii) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (e) physical delivery to the intended recipient.

25.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

25.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

25.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

25.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (a) mailing the record, addressed to them:
 - (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

- (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in paragraph (a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

26. Seal

26.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

26.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer.

26.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

27. Prohibitions

27.1 Definitions

In this Article 26:

- (a) "designated security" means:
 - (i) a voting security of the Company;

- (ii) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
- (iii) a security of the Company convertible, directly or indirectly, into a security described in paragraph (i) or (ii);
- (b) "security" has the meaning assigned in the *Securities Act* (British Columbia);
- (c) "voting security" means a security of the Company that:
 - (i) is not a debt security, and
 - (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

27.2 Application

Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

27.3 Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the shareholders and the shareholders are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

28. Restrictions on Business and Operations

The Company is restricted to carrying on those types of business necessary and incidental to its purposes as described in s. 2.

28.1 Disposal of Assets

The Company shall not dispose of any assets without the approval of the shareholders.

29. Miscellaneous

29.1 Freedom of Information

Whether or not the *FIPPA* applies to the Company, for so long as the District or another Municipality is a shareholder of the Company, the Directors will cause the Company to make Company documents available to the public where the *FIPPA* would require that they be disclosed if it did apply to the Company.

29.2 Annual Information Meeting

The Company will hold an annual information meeting open to the public at least once each calendar year at such time and place as may be determined by the Directors in order to update the public as to the activities and business of the Company.

Newton, Alexa CSCD:EX

From: Margi Nicholas [MNicholas@sechelt.ca]
Sent: Wednesday, July 10, 2013 12:13 PM
To: Newton, Alexa CSCD:EX
Subject: RE: SCPI

Hi Alexa,

I am not aware that the District sought any legal advice on the latest revisions (June/13) to the SCPI articles.

On SIL, the District is in the process of having Council consider transferring the shares (likely at our July 17 meeting) from Lidstone to the District. The resolution should be available next Thursday. The articles are currently with Lidstone's office for revising. We are expecting to receive them back later this week to bring before Council next week (17th). We will be submitting a revised set of articles following this meeting, so you will want to hold off on reviewing the set initially submitted for approval.

Margi Nicholas H.Dipl. HRM, CHRP | DIRECTOR OF CORPORATE SERVICES | 604-740-8455

From: Newton, Alexa CSCD:EX [<mailto:Alexa.Newton@gov.bc.ca>]
Sent: July-10-13 11:25 AM
To: Margi Nicholas
Subject: RE: SCPI

Hi Margi,

That should be fine. I will be submitting the revised Articles for Inspector approval shortly. Can you please inform me if there was there any legal advice provided during the Articles revision process? I need to include that information in my review.

On another note, I received Articles of Incorporation for the Sechelt Innovations Limited from Lidstone and Company. I completed an initial review and discussed some issues with the Articles with Chris Connor. He informed me that the share purchase had not even gone before Council yet and I should not continue with the approval process until a later point in time. Has the topic of the share purchase gone before Council yet and if so is there a Council resolution that you would be able to provide? Would you please advise as to whether or not I should resume the approval process of the Articles that were submitted by Lidstone and Company on May 10, 2013.

Thank you,

Alexa Newton, CGA
Financial Analyst
Local Government Infrastructure and Finance Division
Ministry of Community, Sport and Cultural Development
Phone: 250-387-4074

From: Margi Nicholas [<mailto:MNicholas@sechelt.ca>]
Sent: Monday, July 8, 2013 11:24 AM
To: Newton, Alexa CSCD:EX
Subject: SCPI

Hi Alexa,

Is this sufficient rationale?

Margi Nicholas H.Dipl. HRM, CHRP | DIRECTOR OF CORPORATE SERVICES



Direct Tel: **604.740.8455** Main Tel: 604.885.1986

PO Box 129, Sechelt, BC V0N 3A0

2nd Floor, 5797 Cowrie Street | www.sechelt.ca

RECEIVED

DEC 10 2013

Province of
British Columbia

LIDSTONE & COMPANY
BARRISTERS AND SOLICITORS

December 5, 2013

BY EMAIL

Glen Brown, Deputy Inspector of Municipalities

Alexa Newton, CGA, Financial Analyst

**Government of British Columbia
Local Government Infrastructure and Finance Division
Ministry of Community, Sport and Cultural Development
4th Floor, 800 Johnson Street
PO Box 9838 Stn Prov Govt
Victoria, BC V8W 9T1**

Dear Glen and Alexa:

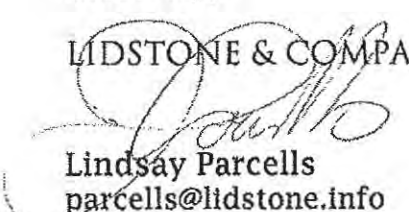
**Re: Sechelt Innovations Ltd. (the "Corporation")
10058 - 119**

Further to Glen's letter of October 29, 2013, we enclose copies of the Certificate of Incorporation, a certified copy of the Incorporation Application; a certified copy of the amended articles of the Corporation and a certified Copy of the Central Securities Register evidencing transfer of all of the issued and outstanding shares of the Corporation to the District of Sechelt.

We trust you find the foregoing satisfactory and please contact the undersigned if you have any questions or concerns.

Sincerely,

LIDSTONE & COMPANY


Lindsay Parcels
parcells@lidstone.info
LP/lp

c. **John Henderson, Mayor
Ron Buchhorn, Chief of Innovation and Growth
Margi Nicholas, Director of Corporate Services**

SUITE 1300 - SUN TOWER - 128 PENDER STREET WEST - VANCOUVER BC - V6B 1R8
TELEPHONE 604-899-2269 - FACSIMILE 604-899-2281 - TOLL FREE 1-877-339-2199
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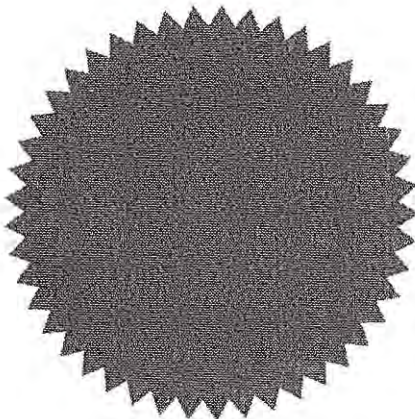


Number: BC0969428

CERTIFICATE OF INCORPORATION

BUSINESS CORPORATIONS ACT

I Hereby Certify that SECHELT INNOVATIONS LTD. was incorporated under the Business Corporations Act on May 7, 2013 at 12:14 PM Pacific Time.



*Issued under my hand at Victoria, British Columbia
On May 7, 2013*

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada

I hereby certify this to be a true copy of the original document which has not been altered in any way this 30 day of December 2013

Incorporation Number: BC0969428

LINDSAY PARCELLS
Barrister and Solicitor
LIDSTONE & COMPANY
 The Company has as its articles the following articles.
 Vancouver, BC V6B 1R8
 Tel: 604-899-2269 Fax: 604-899-2281

SECHELT INNOVATIONS LTD.
 (the "Company")

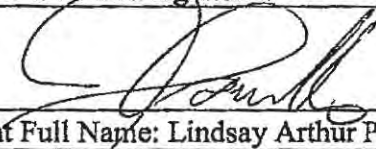
Full name and signature	Date of signing
 Print Full Name: Lindsay Arthur Parcells	October 29, 2013

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Incorporation Number: _____

**ARTICLES OF SECHELT INNOVATIONS LTD.
(the "Company")**

1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (a) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;
- (b) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (c) "legal personal representative" means the personal or other legal representative of the shareholder;
- (d) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;
- (e) "seal" means the seal of the Company, if any;
- (f) "ordinary resolution", "special resolution" and "unanimous resolutions" have the meanings ascribed to them in the *Business Corporations Act*.

1.2 *Business Corporations Act* and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (b) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (b) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine, with the approval of the current shareholders by ordinary resolution. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (a) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (i) past services performed for the Company;
 - (ii) property;
 - (iii) money; and
- (b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

- (a) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company, and
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (a) the Company is insolvent; or
- (b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (a) is not entitled to vote the share at a meeting of its shareholders;
- (b) must not pay a dividend in respect of the share; and
- (c) must not make any other distribution in respect of the share.

8. BORROWING POWERS

The Company, if authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person;
- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company;
- (e) except that the Company must not enter into any credit agreements, including amendments to existing credit agreements to increase the Company's overall borrowing limit, that contemplate the company incurring debt obligation that, if fully drawn, would exceed \$5,000,000 CDN without the prior approval of the shareholders by an ordinary resolution.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by special resolution:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may by special resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles subject to approval of the shareholder and the Inspector of Municipalities.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors. An annual general meeting shall be open to the public. The Company will give notice of an annual general meeting in substantially the same manner as the District of Sechelt gives the public notice of its meetings that are open to the public.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Annual Information Meeting Instead of Annual General Meeting

If a resolution is passed under Article 10.2 to forego an annual general meeting, an annual information meeting must be held at a location within the District of Sechelt, which meeting will be open to the public, chaired by a senior officer of the Company or director authorized by the Board of Directors and attended by a majority of the Company's directors. The Company will give notice of an annual information meeting in substantially the same manner as the District of Sechelt gives the public notice of its meetings that are open to the public. At each annual information meeting the Company will make available to attendees copies of the Company's most recent audited financial statements, including the auditor's report thereon, and the

appropriate Company officer(s) or director(s) will report on and respond to questions from the attendees about the Company's business and affairs.

10.4 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.5 Notice of Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, at least 10 days before the meeting.

10.6 Interim Reporting to Shareholders

In addition to the preparation and delivery of annual audited financial statements to the shareholders in accordance with Article 22.4, the Company will prepare and deliver to the shareholders interim quarterly reports.

10.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (a) state the general nature of the special business; and
- (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
 - (ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (b) at an annual general meeting, all business is special business except for the following:
 - (i) business relating to the conduct of or voting at the meeting;
 - (ii) consideration of any financial statements of the Company presented to the meeting;
 - (iii) consideration of any reports of the directors and auditor;
 - (iv) the setting or changing of the number of directors;
 - (v) the election or appointment of directors;
 - (vi) the appointment of an auditor;
 - (vii) the setting of the remuneration of an auditor;
 - (viii) business arising out of a report of the directors not requiring the passing of a special resolution; or
 - (ix) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (a) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (b) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

- (a) the chair of the board, if any, or
- (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (a) the poll must be taken:
 - (i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (ii) in the manner, at the time and at the place that the chair of the meeting directs;
- (b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (c) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Share

Subject to any special rights or restrictions attached to any shares (and to the restrictions imposed on joint shareholders under Article 12.3):

- (a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

- (b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (a) for that purpose, the instrument appointing a representative must:
 - (i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
 - (ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (b) if a representative is appointed under this Article 12.5:
 - (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.7 to 12.15 apply only insofar as they

are not inconsistent with any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and insofar as they are not inconsistent with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

- (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]

(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting. Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder):

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder-printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 Number of Directors

The number of directors is to be the number of directors elected at the annual general meeting which number shall be not more than nine and not less than five.

13.2 Term of Office

A director elected at an annual general meeting shall hold office for a term until the second annual general meeting following the meeting at which they were elected. A director appointed at any time other than at an annual general meeting shall hold office for the term specified by the shareholders. Notwithstanding the foregoing provisions of this Article 13.2, at the next annual general meeting after adoption of these Articles, one half of the directors shall be elected for a two-year term with the remaining directors elected for a one-year term.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

- (a) A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.
- (b) Except for Officers of the Company, no employee of the Company shall be eligible to be a director of the Company.
- (c) An elected official or an employee of a shareholder of the Company shall not be eligible to be a director of the Company.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by ordinary resolution.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, directors such that the Company has a board of directors consisting of the number of directors for the time being set under these Articles; and
- (b) subject to Article 13.2, all directors whose term of office is to end at the then-present annual general meeting will cease to hold office immediately before the election or

appointment of directors under paragraph (a) but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election or appointment of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*, or
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director.

14.3 Failure to Elect or Appoint Directors

If:

- (a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (a) the date on which his or her successor is elected or appointed; and
- (b) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of summoning a meeting of shareholders for the purpose of filling any vacancies on the board, or, subject to the *Business Corporations Act*, for any other purpose.

14.5 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.6 Ceasing to be a Director

A director ceases to be a director when:

- (a) the term of office of the director expires;
- (b) the director dies;
- (c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (d) the director is removed from office pursuant to Articles 14.7 or 14.8.

14.7 Removal of Director by Shareholders

The shareholders may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.8 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign. The directors may appoint a director to fill the resulting vacancy.

15. POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may

think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

16. DISCLOSURE OF INTEREST OF DIRECTORS

16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

16.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

16.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

16.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

16.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms that the directors may determine and which are approved by the shareholders by ordinary resolution.

16.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.7 Professional Services by Director

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer of such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.8 Director or Officer in other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

17. PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

17.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

17.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (a) the chair of the board, if any;
- (b) in the absence of the chair of the board, the president, if any, if the president is a director;
or
- (c) any other director chosen by the directors if:

- (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
- (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
- (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

17.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

17.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

17.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (b) the director has waived notice of the meeting.

17.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings

Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director.

17.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors but may be not less than three directors.

17.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article may be by signed document, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations*

Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

18. EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (a) the power to fill vacancies in the board of directors; and
- (b) the power to remove a director.

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:
 - (i) the power to fill vacancies in the board of directors;
 - (ii) the power to remove a director;
 - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors;
 - (iv) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) report every act or thing done in exercise of those powers at such times as the directors may require.

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

18.5 Committee Meetings

Subject to Article 18.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

- (a) the committee may meet and adjourn as it thinks proper;
- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

19. OFFICERS

19.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

19.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits, pension or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors.

20. INDEMNIFICATION

20.1 Definitions

In this Article 20:

- (a) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (b) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director or former director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director of the Company:
 - (i) is or may be joined as a party; or
 - (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (c) “expenses” has the meaning set out in the *Business Corporations Act*.

20.2 Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company must indemnify a director or former director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person with notification being given to the shareholders.

20.4 Non-Compliance with *Business Corporations Act*

The failure of a director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

20.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (a) is or was a director, officer, employee or agent of the Company;
- (b) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (c) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (d) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

21. DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (a) set the value for distribution of specific assets;
- (b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

21.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

21.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

21.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22. ACCOUNTING RECORDS

22.1 Fiscal Year End

The Directors shall set December 31 in each year as the Fiscal Year End of the Company.

22.2 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the provisions of the *Business Corporations Act*.

22.3 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

22.4 Financial Statements Shall Be Audited

An audit of the financial statements of the Company shall be conducted in respect of each fiscal year and such audited financial statements must be made available to the shareholder prior to the annual general meeting.

22.5 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or

any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

23. NOTICES

23.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (i) for a record mailed to a shareholder, the shareholder's registered address;
 - (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (iii) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
 - (i) for a record delivered to a shareholder, the shareholder's registered address;
 - (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (iii) in any other case, the delivery address of the intended recipient;
- (c) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class; and
- (d) physical delivery to the intended recipient.

23.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 22.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

23.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (a) mailing the record, addressed to them:
 - (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in paragraph (a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24. SEAL

24.1 Who May Attest Seal

Except as provided in Article 24.2, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

24.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer.

25. DISPOSAL OF LOCAL GOVERNMENT ASSETS

Where a shareholder who is a local government transfers property of the local government to the Company for less than market value consideration, the Company will not dispose of such property without the prior written approval of the shareholder.

26. BUSINESS RESTRICTIONS

The Company is restricted from carrying on any business except the following:

- (a) facilitating and encouraging sustainable business development in Sechelt, British Columbia ("Sechelt") through professional assessment of potential investments, businesses and industries in Sechelt;
- (b) development of programs to identify and target specific candidates for investment and the establishment of businesses and industries in Sechelt;
- (c) identification, planning and marketing investment opportunities and working with potential investors, businesses and industries to facilitate and encourage sustainable business development in Sechelt; and
- (d) all business and activities that are ancillary to any of the above.

The Company may form a subsidiary company subject to approval of the shareholder and the Inspector of Municipalities.

27. MISCELLANEOUS

27.1 Freedom of Information

Whether or not the *Freedom of Information and Protection of Privacy Act* applies to the Company, for so long as the District of Sechelt is a member of the Company the Directors will cause the Company to make Company documents available to the public where that Act would require that they be disclosed if it did apply to the Company.

27.2 Records Available at Municipal Office

Copies of audited financial statements and approved Company Articles will be kept at the office of the shareholder.

27.3 Municipal Security and Guarantees

The Directors will not authorize the Company to borrow money on security provided by the District of Sechelt, or the repayment of which is guaranteed by the District, except where the District provides such security or guarantee in a manner permitted by law.