

## SMOKY LAKE COUNTY

**A G E N D A: County Council: Committee of the Whole Meeting**  
for the purpose of **Administration**, to be held on  
Friday, **April 8, 2022** at 10:00 A.M.  
Held in County Council Chambers, Smoky Lake.

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**1 Meeting:**

1.1 Call to Order

**2 Agenda:**

2.1 Acceptance of Agenda:  
as presented or subject to additions or deletions.

**3 Minutes:**

No Minutes.

**4 Request for Discussion:**

No Request for **Discussion**.

**5 Issues for Information:**

5.1 The Municipally Controlled Corporation Named: "MCC for Smoky Lake  
Development Corp.":  
5.1.1 Review of the Unanimous Shareholders Agreement. ©  
5.1.2 Review of the Corporate Bylaw No. 1. ©

**6 Correspondence:**

No Correspondence.

**7 Delegation:**

No Delegation.

**8 Executive Session:**

**Adjournment.**

**UNANIMOUS SHAREHOLDER AGREEMENT**

**BETWEEN**

**SMOKY LAKE COUNTY  
TOWN OF SMOKY LAKE**

**AND**

**MCC FOR SMOKY LAKE DEVELOPMENT CORP.**

**UNANIMOUS SHAREHOLDER AGREEMENT**  
(the “USA”)

**THIS AGREEMENT** made effective the 28<sup>th</sup> day of March, 2022

**AMONG:**

**SMOKY LAKE COUNTY**  
(hereinafter collectively referred to as the “**County**”)

**OF THE FIRST PART**

**AND:**

**TOWN OF SMOKY LAKE**  
(hereinafter collectively referred to as the “**Town**”)

**OF THE SECOND PART**

**AND:**

**MCC FOR SMOKY LAKE DEVELOPMENT CORP.**  
a body corporate duly incorporated pursuant to the laws of the Province of  
Alberta,  
(hereinafter referred to as the “**Corporation**”)

**OF THE THIRD PART**

**WHEREAS:**

- A.** The parties wish to enter into this Agreement for the purpose of defining and qualifying their respective rights and obligations to each other and the terms and conditions under which they will carry on their activities under the corporate structure of the Corporation;
- B.** Each Shareholder shall have 100 Class A Common Voting Shares issued to each of them;
- C.** The MGA requires all municipalities who acquire shares in a corporation incorporated pursuant to the Act to enter into a unanimous shareholder agreement which addresses those matters as set forth both in the MGA and in the Regulation, namely that the USA must address the following matters:
  - (a)** The matters referred to in section 146(1) of the Act;
  - (b)** The Corporation’s service delivery standards and decision-making structure;
  - (c)** A dispute resolution process in the event of a dispute between shareholders; and
  - (d)** The method by which the shareholders must provide direction to the corporation with respect to what action, if any, the controlled corporation is to take regarding a proposed Material Change in response to one or more report received under Section 7(5) of the Regulation.
- D.** The parties wish to enter into this Agreement for the purpose of defining and qualifying their respective rights and obligations to each other and the terms and conditions under which they will carry on their activities under the corporate structure of the Corporation;

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- E. The parties intend that this Agreement shall operate and be construed as a Unanimous Shareholder Agreement under the Act.

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of these premises and of the mutual covenants, agreements and conditions herein contained the parties hereby agree and declare as follows:

## **ARTICLE 1 - DEFINITIONS AND INTERPRETATION**

### **1.01 Definitions**

For the purposes of this Agreement and the Schedules hereto or any certificate, opinion or other document agreement, undertaking or assurance delivered in accordance with or in furtherance of the purposes and intent of this Agreement, unless there is something in the context inconsistent therewith, the following words and phrases will have the following meanings:

- (a) "**Accountants**" means the auditors or accounting advisors of the Corporation, as the case may be;
- (b) "**Act**" means the Business Corporations Act, R.S.A. 2000, and all regulations thereunder as amended from time to time and every statute that may be substituted therefor, and in the case of any such amendment and substitution, any reference in this Agreement to the Act shall be read as referring to such amended or substituted provisions;
- (c) "**Advances**" means all outstanding loans due and owing from time to time by the Corporation to a Shareholder;
- (d) "**Agreement**" means this Agreement as may be amended from time to time in accordance with the terms hereof, and the expressions "**herein**", "**hereof**", "**hereto**", "**above**", "**below**" and similar expressions if used in any sub-paragraph, paragraph, sub-section, Section or Article of this Agreement refer and relate back to the whole of this Agreement and not to that sub-paragraph, paragraph, sub-section, Section or Article only, unless otherwise expressly provided;
- (e) "**Appoint**" includes "**elect**" and vice versa;
- (f) "**Articles**" means the Articles of Incorporation of the Corporation filed on the 28<sup>th</sup> day of March, 2022 as from time to time amended or restated;
- (g) "**Board**" means the Board of Directors of the Corporation;
- (h) "**Business**" means the ownership of the Shareholders' respective interest in tourism development within the municipal boundaries and beyond of each Shareholder, tentatively called the "Victoria District Economic Development Strategy";
- (i) "**Business Day**" means every day except Saturday, Sunday and a statutory holiday effective in the Province of Alberta;
- (j) "**Bylaws**" means any Bylaws of the Corporation as may be amended from time to time and in force and effect;

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- (k) **"Closing Article"** means Article 10 hereof;
- (l) **"Control"** (including **"Controls"** and **"Controlled"**) means:
- (i) the right to exercise the majority of the votes which may be cast at a general meeting of a corporation, when held, together with,
  - (ii) the right to elect or appoint directly or indirectly a majority of the directors of the corporation or other persons who have the right to manage or supervise the management of the affairs and business of that corporation;
- (m) **"Defaulting Event"** means any one or more of the following:
- (i) the petitioning into bankruptcy of any Shareholder or the making of any assignment by a Shareholder for the benefit of his/her creditors;
  - (ii) the seizure and attachment of a Shareholder's Shares for the payment of any judgment or order;
  - (iii) the failure by a Shareholder to obtain, perform or carry out any of his/her obligations hereunder or under the any other agreement amongst the Shareholders where such failure continues for thirty (30) days after notice in writing from the other Shareholders or any one of them demanding that such default be cured;
  - (iv) the failure by any Shareholder to take reasonable action to prevent or defend any action or proceedings whereby any of his/her Shareholder's Interest is seized or, if there be an execution or attachment thereof, where such failure continues for thirty (30) days after the other Shareholders, or any of them, has demanded in writing that such Shareholder take such reasonable action and such Shareholder fails to take any such action or proceedings;
  - (v) the bankruptcy or commission of an act of bankruptcy by a Shareholder or the appointment of a receiver or receiver-manager in respect of the Shareholder's Shares;
- (n) **"Defaulting Shareholder"** means the Shareholder in respect of whom a Defaulting Event has occurred;
- (o) **"Director(s)"** means the person(s) who is/are from time to time, in accordance with the terms of this Agreement, duly elected director(s) of the Corporation;
- (p) **"Effective Date"** means the date of incorporation of the Corporation;
- (q) **"Financial Statements"** means those statements of the financial operation of the Corporation, including monthly statements of the Corporation's revenues and expenses, as they are kept by the Corporation, and which comply with generally accepted accounting principles;
- (r) **"Guarantee"** means any agreement by way of guarantee given or to be given, as the case may be, by one or more of the Shareholders for the repayment of any indebtedness of the Corporation or for the performance by the Corporation of any of its other obligations;

- (s) "**Material Change**" has that meaning as ascribed thereto in the Regulation;
- (t) "**MGA**" means the *Municipal Government Act*, RSA 2000, c.M-26 and all regulations thereunder as amended from time to time and every statute that may be substituted therefor, and in the case of any such amendment and substitution, any reference in this Agreement to the MGA shall be read as referring to such amended or substituted provisions;
- (u) "**Non-Defaulting Shareholder(s)**" means any Shareholder who is not at the particular time a Defaulting Shareholder or any Shareholder that is not the principal subject of any provision contained in this Agreement, as the context may require;
- (v) "**Officer(s)**" means any officer(s) of the Corporation;
- (w) "**Ordinary Resolution**" has the meaning as ascribed thereto in the Act;
- (x) "**Parties**" means the initial parties to this Agreement and includes any person who may hereafter execute a counterpart of this Agreement upon becoming a Shareholder and "**Party**" means any one of them;
- (y) "**Prime Rate**" means the percentage rate of interest per annum which is established and charged from time to time by the Corporation's bankers on loans to its most creditworthy and preferred commercial borrowers. A statement or statements in writing made by the Manager of the said Bank's main branch, in Smoky Lake, Alberta, as to the Prime Rate, from time to time, shall be final and conclusive evidence of the Prime Rate during the operative time of the statement and shall not be open to dispute or challenge by the Parties. Any change in the Prime Rate shall be effective on the banking day upon which the said Bank changes its Prime Rate, and such rate of interest shall be changed automatically without notice to the Parties;
- (z) "**Regulation**" means the *Municipally Controlled Corporations Regulation*, AR 112/2018;
- (aa) "**Shareholder**" means any person who is the holder of Shares and "**Shareholders**" mean all of them;
- (bb) "**Shareholder's Interest**" means all right, title and interest of a Shareholder in and to any Shares, any Advances and any other right or claim a Shareholder may have against the Corporation as a Shareholder;
- (cc) "**Share(s)**" means at all relevant times an issued Share or issued Shares, as the case may be, of the Corporation;
- (dd) "**Special Resolution**" has the meaning as ascribed thereto in the Act; and
- (ee) "**Third Party**" means any person who:
  - (i) is not a Shareholder or an affiliate of a Shareholder, or a shareholder, director or officer of any of them; or
  - (ii) does not deal with any of the Shareholders on a non-arm's length basis as that term is defined under the *Income Tax Act* (Canada).

**1.02 Derivative Meanings**

All derivatives of any of the definitions set forth in Section 1.01 hereof shall have the meanings appropriate to the derivation of such definition.

**1.03 Words that Reference Defined Terms in Legislation**

Words and phrases used in this Agreement and not defined herein have the same meaning assigned to them respectively in the Act.

**1.04 Schedules to this Agreement**

The following Schedules are attached to this Agreement and shall form part hereof:

- (a) Schedule “A” – Dispute Resolution Mechanism.

**1.05 Effect of Unanimous Shareholder Agreement**

This Agreement shall operate and be construed as a Unanimous Shareholder Agreement under the Act provided that if for whatever reason this Agreement is determined not to be a Unanimous Shareholder Agreement under the Act, the terms and provisions hereof shall be binding upon the Parties. Should a conflict exist between this Agreement and the Corporation’s Articles or Bylaws, this Agreement shall govern and, if necessary, each Shareholder shall vote his/her or its Shares so that the Corporation’s Articles or Bylaws are amended to be consistent with this Agreement.

**1.06 Disclosure Requirement and Prohibition on Voting**

Each and every Shareholder, Director and Officer of the Corporation shall, at all relevant times during the currency of this Agreement, disclose in writing to the Corporation the nature and extent of his/her interest in any material contract or proposed material contract with the Corporation. Further, any affected Shareholder or Director shall not participate in any vote of Shareholders or Directors in relation to the subject material contract or proposed material contract.

**ARTICLE 2 - REPRESENTATIONS, WARRANTIES AND COVENANTS**

**2.01 Shareholder Representations, Warranties and Covenants**

Each Shareholder hereby represents and warrants to the other Shareholders and the Corporation, and acknowledges and confirms that the other Shareholders and the Corporation are relying on such representations and warranties, that:

- (a) it is a municipal corporation duly existing and in good standing under the laws of its jurisdiction of incorporation;
- (b) it is duly registered and qualified to carry on business and has and will continue to have all requisite authority, licences and permits to carry on the Business;
- (c) it has the capacity and corporate authority to act as a Shareholder; and
- (d) it has received the necessary consents as required by the MGA to be a Shareholder.

## **2.02 Number and Class of Shares Issued to Each Shareholder**

Each of the Shareholders represents and warrants to each of the other Shareholders and the Corporation, and acknowledges and confirms that the other Shareholders and the Corporation are relying on such representations and warranties, that such Shareholder is the registered and beneficial owner of that number and class of Shares that are opposite its name in Paragraph C of the Preamble hereof and that such Shares are held free and clear and are not subject to any charges, security interests, pledges or encumbrances of any kind.

## **2.03 No Other Shares to Shareholder**

The Corporation represents and warrants to the Shareholders and acknowledges and confirms that the Shareholders are relying on such representations and warranties that:

- (a) the Shares listed in Paragraph C of the Preamble hereof are the only issued and outstanding Shares; and
- (b) except as provided in this Agreement, no person has any agreement or option or right capable of becoming an agreement for the purchase, subscription or issuance of any the unissued shares of the Corporation or any securities convertible into Shares.

## **ARTICLE 3 - GOVERNANCE OF THE CORPORATION**

### **3.01 Appointment of Directors**

- (a) Each Shareholder shall be entitled to appoint two (2) directors each to the Board of the Corporation.
- (b) A person shall immediately cease to be a Director:
  - (i) upon giving his/her resignation in writing to the Board;
  - (ii) upon his/her death;
  - (iii) upon ceasing to be a Director; or
  - (iv) upon failing to attend or participate in three (3) consecutive meetings of the Board of which he had notice unless the Chief Executive Officer or Chief Information Officer has specifically excused the Director from attendance.

### **3.02 Vacancies on Board of Directors**

The vacancies on the Board shall be filled as stated in Section 3.01(a) and in so doing the Shareholders shall act in accordance with the provisions of Section 3.01(a).

### **3.03 Board Positions**

All appointments of the Board position shall be done in accordance with the Bylaws.

### **3.04 Directors Voting/Quorum**



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Except as otherwise required by law or by this Agreement, questions arising at any meeting of the Directors shall be decided by a majority of votes. Each Director shall have and exercise one vote only. A quorum of Directors shall be two (2) Directors with at least one (1) Director from each Shareholder.

**3.05 Casting Vote**

In the case of an equality of votes at a meeting of the Board or of the Shareholders, no person shall have a second or casting vote in addition to his/her original vote.

**3.06 Officers**

The Parties confirm that as the Officers shall be as appointed by the Board.

**3.07 Removal**

No Director or Officer may be removed from such position except in accordance with the terms of this Agreement or as stated in the Bylaws. If there is a discrepancy between this Agreement and the Bylaws pertaining to the removal of Directors or Officers, this Agreement shall govern.

**3.08 Financial Reporting to the Shareholders**

The Corporation shall keep the Financial Statements and will provide them to the Shareholder, as required by any Policy that is implemented or as otherwise directed by the Shareholders, as evidenced by an Ordinary Resolution from time to time. For further clarity, a template report may be developed by either the Corporation or the Directors, in which case, the Corporation's financial reporting shall be in this format.

**3.09 Shareholders Quorum**

- (a) A quorum of Shareholders is present at a meeting of Shareholders, irrespective of the number of persons actually present at the meeting, if the holder or holders of a majority of the Shares entitled to vote at the meeting are present in person or represented by proxy.
- (b) If a quorum is present at the opening of a meeting of Shareholders, the Shareholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.
- (c) If a quorum is not present at the opening of a meeting of Shareholders, the Shareholders present may adjourn the meeting to a fixed time and place but may not transact any other business.

**ARTICLE 4 - CORPORATION OPERATIONAL MATTERS**

**4.01 Conduct**

Unless otherwise authorized at a meeting of the Shareholders by a Special Resolution, the Shareholders shall not cause or permit the Corporation and the Board shall not authorize the Corporation to:

- (a) **Operational Matters:**
  - (i) sell, lease or exchange all or substantially all of the property of the Corporation

other than in the ordinary course of business;

- (ii) be continued as a body corporate under the laws of another jurisdiction;
- (iii) carry on any business or activity other than the Business;
- (iv) enter into any contract outside of the Corporation's ordinary course of business;

**(b) Corporate Matters:**

- (i) amalgamate or merge with any other corporation;
- (ii) issuance of Shares of any class, the transfer of Shares of any class, increase or decrease the authorized or issued capital of the Corporation, or alteration of the Corporation's Share structure and/or Articles in any way;
- (iii) issue stock options;
- (iv) redeem or purchase any of its own Shares otherwise than allowed by the terms of this Agreement;
- (v) reorganize;
- (vi) purchase shares or securities in any other corporation, firm or entity;

**(c) Financial Matters:**

- (i) Provide any grants or financial assistance to any entity, including, but not limited to, the proposed The Smoky Lake Tourism Company Ltd. or any derivation thereof which will be further involved in the Business;
- (ii) pass or approve of any financial plan or development plan for future business opportunities for the Corporation;
- (iii) give financial assistance to any person;
- (iv) declare or pay dividends including stock dividends;
- (v) make a general assignment for the benefit of creditors;
- (vi) make a voluntary assignment to a trustee in bankruptcy;
- (vii) subject to the provisions of the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person;
- (viii) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation;

**(d) Governance Matters:**

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- (i) take or institute any proceedings for the winding up, reorganization or dissolution of the Corporation;
  - (ii) register to carry on business in other jurisdictions;
  - (iii) amend, repeal, or enact any Bylaws other than those already in place;
  - (iv) except as otherwise set forth herein, enter into any contract with a Shareholder or affiliate of any Shareholder;
  - (v) enter into any partnerships or joint ventures.

#### **4.02 Material Change**

- (a) Notwithstanding anything contained herein to the contrary, if a Material Change to the Corporation is proposed, the Corporation shall not and the Board shall not cause the Corporation to implement this Material Change without compliance with both Section 75.3 of the MGA and Section 7 of the Regulation first, which shall include:
  - (i) For clarity, a Material Change as per Section 7(1) of the Regulation means:
    - (A) a change in the type of services offered by the Corporation;
    - (B) the purchase, sale, transfer or issuance of any Shares in the Corporation that would result in a change to the controlling interest of the Shareholders;
    - (C) a change in the geographic locations where the Corporation offers services, if that change was not contemplated in the business plan under section 75.1(3)(a) of the MGA; or
    - (D) a change in the business, financing, operations or affairs of the Corporation that would be considered important by a reasonable person taking into account the circumstances of the Corporation in its entirety.
  - (ii) Each Shareholder that is obligated to notify its residents of each Shareholder of the proposed Material Change to the Corporation, which includes notifications of the following:
    - (A) The new services the Corporation intends to provide in the proposed Material Change;
    - (B) The names of any new shareholder of the Corporation;
    - (C) The geographic location in and outside Alberta in which the Corporation intends to provide services;
    - (D) A projected rate structure, if any;
    - (E) The market impact analysis, if any, of the proposed change;

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- (i) This information must be made available to residents not less than 30 days prior to this engagement process;
  - (ii) Each Shareholder's residents being provided the opportunity to make representations to the municipal council of each Shareholder concerning the proposed Material Changes.
  - (b) Each Shareholder shall provide a report to the Corporation summarizing the representations made during this engagement process of the proposed Material Change.
  - (c) After each Shareholder's receipt of public input, each Shareholder shall provide direction to the Corporation of any direction regarding the proposed Material Change
  - (d) Only after there has been compliance with Section 75.3 of the MGA, shall the Corporation be entitled to implement any proposed Material Change.

## **ARTICLE 5 - COMPLIANCE WITH MGA AND REGULATION**

### **5.01 Compliance with MGA**

The Corporation and the Shareholders agree and acknowledge that the Corporation is a “controlled corporation” within the meaning of the MGA and the Regulation and accordingly this Agreement must address the following matters:

- (a) Addressing Section 146(1) of the Act – Section 4.01 of this Agreement addresses this obligation;
- (b) Corporation's Service Delivery Standards and Decision-Making Structure – The Corporation's service delivery standard shall be determined by the Board;
- (c) Dispute Resolution Process Between Shareholders – This is set forth in Schedule “A” hereof; and
- (d) Material Change to the Corporation – Prior to any Material Change to the Corporation being implement, the procedure in Section 3.02 of this USA shall be first followed.

## **ARTICLE 6 - FINANCIAL OBLIGATIONS TO CORPORATION**

### **6.01 Shareholder's Guarantees and Indemnity of Corporation's Indebtedness**

- (a) Unless otherwise authorized by a Special Resolution, no Shareholder shall be obliged to enter into any Guarantee with respect to the indebtedness of the Corporation or to pledge its credit on behalf of the Corporation.
- (b) Notwithstanding the foregoing, if any Shareholder executes a joint and several Guarantee with the authorization contemplated in Section 6.01(a) herein, the Shareholders acknowledge and agree that each of them shall be liable on account of any such indebtedness only pro rata according to the ratio of the number of Shares held by each Shareholder to all of the issued Shares. Each Shareholder specifically reserves for itself a right of action against any or all of the other Shareholders to pay their respective pro rata contributions if any of the Shareholders is called upon to satisfy any demand of any bank or

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other lending institution pursuant to such Guarantee in excess of the actual pro rata amount of a Shareholder's liability.

- (c) If, during the continuance of this Agreement, a Shareholder is called upon under the terms of any Guarantee (which Shareholder in this Article is hereinafter referred to as the “**Contributing Shareholder**”), the other Shareholder shall forthwith contribute to the Contributing Shareholder upon it or him having made the payment required under the Guarantee, an amount equal to its proportionate share of the call based upon the ownership of the Shares by the Shareholders at the date the payment is required to be made pursuant to the Guarantee.
- (d) Upon receiving a call under the terms of any Guarantee the Contributing Shareholder shall forthwith give notice to the other Shareholders of the said call advising them of the details thereof and its intended response and requiring the other Shareholders to contribute their respective proportionate shares. If the other Shareholders fail to make the required respective contributions in accordance with the terms of the notice, the Contributing Shareholder shall, upon payment, have a lien against the Shares of the other Shareholders as required by the notice and the other Shareholders covenant and agree to pay to the Contributing Shareholder the required contribution forthwith upon demand together with interest thereon at a rate equal to the Prime Rate at the time the contribution was made, plus five (5%) percent per annum.
- (e) If, during the continuance of this Agreement, the Guarantee of a Shareholder is required and such Shareholder executes such Guarantee, then the other Shareholders and the Corporation shall indemnify and save harmless such Shareholder for any amount that it or he may be required to pay as demanded or claimed from it together with any costs or expenses incurred in excess of the proportion which the Shareholder would have been obligated to contribute pursuant to the terms of this Agreement.
- (f) The provisions hereof shall not merge with the termination of this Agreement but shall survive for the benefit of those persons claiming contribution and indemnity as aforesaid.

#### **6.02 Distribution of Corporation’s Funds to Shareholders**

Except when precluded or otherwise prohibited by the terms of any debt financing and to the extent permitted by law, and after making such provisions and transfers to reserves as may be required in the opinion of the majority of the Board to meet expenses or anticipated expenses, the funds of the Corporation available for distribution shall be distributed annually firstly, by repayment of bank indebtedness, secondly, by way of repayment of Advances on a pro rata basis and thirdly, by way of dividends and/or Shareholders bonuses authorized by Special Resolution.

#### **6.03 Subordination of Shareholder’s Loans to Corporation’s Third Party Indebtedness**

The Shareholders shall subordinate and postpone all Advances in favour of permanent financing or other borrowing by the Corporation to the extent required by the Board.

#### **6.04 Capital Contributions to Corporation by Each Shareholder**

- (a) If authorized by a Special Resolution, the Shareholders shall decide that funds are required for purposes of the Corporation, the Corporation may make a written request to the Shareholders for a loan to be made pro rata in proportion to their respective shareholdings

in the Corporation.

- (b) Each Shareholder shall advance the monies so requested within thirty (30) days of receipt of the written request for the loan, as set forth in Section 6.04(a).
- (c) Unless otherwise authorized or consented to by the Shareholders as aforesaid, no Advances shall bear interest and no Shareholder, so long as it remains a Shareholder, shall demand repayment of any Advances except:
  - (i) if the Corporation goes into liquidation, either voluntarily or pursuant to the Order of a Court of competent jurisdiction, or is declared bankrupt;
  - (ii) if a special arrangement has been made at the time the Advance was made;
  - (iii) if the enforcement thereof is to become statute barred and the Corporation fails to acknowledge in writing that the Advance is owing prior to the date the same would become statute barred;
  - (iv) as otherwise expressly provided for in this Agreement.
- (d) If the Corporation repays Advances, in whole or in part, it shall, subject to any express agreement between the Shareholders to the contrary, do so pro rata in proportion to each Shareholder's Advances. Subject to the foregoing, the Corporation may prepay Advances at any time or times without notice or bonus.

#### **6.05 Corporation's Bank Accounts and Signing Authorities**

- (a) All monies received on account of the Corporation's operations from time to time shall be immediately paid into the bank for the time being of the Corporation and all disbursements in respect of the Corporation's expenditures shall be paid by cheque on such bank or such alternate method of disbursement, such as preauthorized debit or electronic funds transfers.
- (b) Subject always to Section 4.01 of this Agreement, in the usual and regular course of business, any two of:
  - (i) either the Chairperson of the Board or the Vice-Chairperson of the Board; and
  - (ii) either one of two (2) people that are designated by the Board from time to time, or as otherwise contained in a Policy appointing signing authorities;

are authorized to pledge the credit of the Corporation and are also authorized to make, sign, draw, accept, negotiate, endorse, execute and deliver all or any cheques, promissory notes, drafts, acceptances, bill of exchange, orders for the payment of money, and other instruments in the name of the Corporation.

- (c) Except as otherwise set forth herein, no Shareholder, Director, or Officer shall, without the authorization contained within a Directors' resolution or the minutes of a Directors' meeting, sign, draw, accept, endorse, execute, and deliver all or any cheques, promissory notes, drafts, acceptances, bills of exchange, orders for the payment of money, or other instruments, whether negotiable or not, in the name of the Corporation or in any matter pledge the credit of the Corporation except in the usual and regular course of business.

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## **ARTICLE 7 - SHARES**

### **7.01 Restriction on Issuance of New Shares**

The Parties agree that no additional Shares in the Corporation shall be allotted without a Special Resolution.

### **7.02 Restriction on Shareholder Encumbering its Own Shares**

The Shareholders shall not in any manner or degree whatsoever pledge, charge, mortgage, hypothecate or otherwise encumber their Shares or Advances without authorization by Ordinary Resolution except where such pledge, charge, mortgage or hypothecation is specifically provided for herein.

### **7.03 Restriction on Transfer of Shareholder Transferring its Own Shares**

The Shareholders will not sell, transfer, convey or assign all or any portion of the Shares or Advances except as permitted by this Agreement or as authorized by a Special Resolution. Any sale, transfer, conveyance or assignment of all or any portion of the Shares and/or Advance of a Shareholder contrary to the provisions of this Section 7.03 is null and void.

### **7.04 Permitted Transferee of Shares Obligation to Sign Agreement**

Subject to the provisions of hereof, no sale, transfer, conveyance or assignment of a Shareholder's Interest in the Corporation shall be effective unless and until the permitted transferee first agrees to be bound by the terms of this Agreement in the place and stead of the Shareholder who sold, transferred, conveyed or assigned such Shareholder's Interest.

### **7.05 Warning to be Placed on Share Certificates**

The Parties agree that the certificates for all Shares shall be endorsed with reference to this Agreement as follows:

"The rights of the holder and successors to the holder to sell, encumber, alienate or realize the Shares represented hereby are restricted by the terms of an Agreement between the Shareholders of the Corporation and the Corporation dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, a copy of which Agreement is on the minute book of the Corporation."

### **7.06 Subdivision of Shares**

The provisions of this Agreement relating to Shares shall apply *mutatis mutandis* to any shares or securities into which such Shares may be converted, changed, reclassified, redivided, redesignated, redeemed, subdivided or consolidated, to any Shares or securities that are received by the Shareholders as a stock dividend or distribution payable in Shares or securities of the Corporation and to any shares or securities of the Corporation or of any successor or continuing company or corporation to the Corporation that may be received by the Shareholders on a reorganization, amalgamation, consolidation or merger, statutory or otherwise.

## **ARTICLE 8 - DEFAULTING EVENT**

### **8.01 Remedies to Non-Defaulting Shareholders**

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Upon the occurrence of a Defaulting Event, the Non-Defaulting Shareholders may do any one or more of the following:

- (a) pursue any remedy available to them in law or in equity, it being acknowledged that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for a default;
- (b) take such actions in their own names or in the name of the Defaulting Shareholder or the Corporation, as may reasonably be required, to cure the default, in which event all payments, costs and expenses incurred therefor shall be payable by the Defaulting Shareholder to the Non-Defaulting Shareholders on demand with interest as provided for in Section 11.01 hereof;
- (c) implement the buy/sell option as set out in Section 8.02 hereof; or
- (d) waive the default provided, however, that any waiver of a particular default shall not operate as a waiver of any subsequent or continuing default.

#### **8.02 Buy/Sell Option Against Defaulting Shareholder**

Upon the occurrence of a Defaulting Event, the Non-Defaulting Shareholders shall, without the necessity of further notice or action, have the option (hereinafter in this Article referred to as the "**Option**") to require the Defaulting Shareholder to sell to the Non-Defaulting Shareholders all, but not less than all, of its Shares on the following terms and conditions:

- (a) the Non-Defaulting Shareholders, or any of them, may at any time within one hundred and eighty (180) days after the date that the last of them was actually informed and became aware of the Defaulting Event, by written notice to the Defaulting Shareholder, exercise the option to purchase the Defaulting Shareholder's Shares;
- (b) each Non-Defaulting Shareholder shall be entitled to purchase that percentage of the Defaulting Shareholder's Shares represented by the proportion which the number of Shares held by the particular Non-Defaulting Shareholder is of the sum of the all Shares held by all Non-Defaulting Shareholders, unless the Non-Defaulting Shareholders unanimously agree in writing that the percentages purchased by each Non-Defaulting Shareholder shall be otherwise; provided however, that the aggregate of the percentages of the Defaulting Shareholder's Shares that the Non-Defaulting Shareholders may purchase shall be one hundred (100%) percent thereof;
- (c) the total purchase price payable for the Defaulting Shareholder's Shares shall be an amount equal to the Fair Market Value of such Shares, less twenty-five (25%) percent. The purchase price payable by each Non-Defaulting Shareholder shall be payable pro rata based upon the number of Shares being purchased pursuant to the terms of this Section 8.02; and
- (d) the closing date for the purchase and sale of the Defaulting Shareholder's Shares shall be the sixtieth (60th) day after exercise of the Option to purchase the Defaulting Shareholder's Shares by the last of the Non-Defaulting Shareholders to do so. The provisions of the Closing Article and Section 9.04 shall apply *mutatis mutandis* to the Closing of such purchase and sale.



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### **8.03 Loan Default**

In addition to any other rights of the Non-Defaulting Shareholders herein provided for, if the Defaulting Shareholder defaults by refusing or failing to make a contribution by way of loan as provided for in Section 6.04 hereof, then any Non-Defaulting Shareholder(s) may make such contribution to the Corporation (hereinafter in this Article referred to as the "**Funding Shareholder**") and, if so, is hereby irrevocably authorized by the Defaulting Shareholder to make such contribution by way of loan (hereinafter in this Article referred to as the "**Default Loan**") on behalf of and for the account of the Defaulting Shareholder, in which event the Defaulting Shareholder shall pay or cause to be paid to such Funding Shareholder:

- (a) the amount of the Default Loan; and
- (b) the reasonable costs of the Funding Shareholder relating to obtaining monies to make the Default Loan; and
- (c) interest on the amount of the Default Loan outstanding from time to time calculated and payable monthly on the first day of each and every calendar month at a rate equal to the Prime Rate at the time the Default Loan is made plus six (6%) per cent per annum.

### **8.04 Payment of Dividends to Funding Shareholder as Payment in Kind**

The Parties agree that so long as any portion of the Default Loan is outstanding or the Funding Shareholder's reasonable costs or interest on the Default Loan remains outstanding, all dividends or other compensation payable by the Corporation to the Defaulting Shareholder shall be paid directly by the Corporation to the Funding Shareholder and such payment by the Corporation shall constitute and be deemed a valid payment to the Defaulting Shareholder to the extent of the payment to the Funding Shareholder. For the purpose aforesaid, the Defaulting Shareholder hereby irrevocably directs the Corporation to pay all such dividends or other compensation directly to the Funding Shareholder until the full balance of the Default Loan, together with the costs and interest thereon due to the Funding Shareholder has been paid in full.

## **ARTICLE 9 - VALUATION**

### **9.01 Failure to Determine Value**

- (a) The determination of the Fair Market Value of the Shares may be referred by any Shareholder or Director to the Valuators (as this term is defined in Section 9.02 hereof). The Valuator shall thereupon determine the Fair Market Value of the Shares as set forth in Section 9.02.
- (b) In the event the Accountants are required to determine the Fair Market Value of the Shares or any of them as provided for in this Agreement and the Valuators refuse or are unable to determine such value, any Party may apply to the Court for the appointment of a person to determine the Fair Market Value in the place of the Valuators.

### **9.02 Determination of Fair Market Value**

Subject to Section 9.01 hereof, the Fair Market Value shall be determined as follows:

- (a) the valuator (the "**Valuator**") for the purposes of determining the Fair Market Value, shall be the Corporation's auditors or accounting advisors;

- (b) the Valuator shall act reasonably and bona fide in making its determination hereunder. All Shareholders and the Corporation shall promptly comply with any requests for information and documentation that the Valuator shall reasonably requires;
- (c) the Valuator shall employ such agents and appraisers as it deems appropriate;
- (d) the Valuator's decision shall be final and conclusive as against all Shareholders and the Corporation; and
- (e) in the event of a dispute, the costs of the valuation shall be borne in equal proportions by the Corporation and any Shareholder which requested the valuation.

### **9.03 Determination of Value by Valuators**

In determining the Fair Market Value of the Shares, the Accountants shall act as experts, not as arbitrators.

### **9.04 Payment of Purchase Price**

Any portion of the purchase price unpaid on closing by a purchasing party pursuant to the provisions of Article 9, shall be evidenced by a promissory note in form and content acceptable to the solicitors for the selling party, acting reasonably, provided that, such promissory note shall include the following terms, namely interest shall accrue on the purchase price at a rate equal to the then prime rate of the Prime Rate calculated and compounded annually from the closing date.

## **ARTICLE 10 - CLOSING OF SHARE TRANSACTIONS**

### **10.01 Location of Closing**

The closing of any purchase and sale of a Shareholder's Interest hereunder shall take place at the offices of Messrs. Brownlee LLP, 2200, Commerce Place, 10155 – 102 Street, T5J 4G8, or at such other place as the Parties may agree upon in writing.

### **10.02 Parties' Actions upon Closing**

On the closing date, the selling party shall provide to the purchasing party all documents and conveyances necessary to complete the sale of Shares contemplated herein and all documents necessary to divest the selling party of its interest, all said documents and conveyances to be provided against payment of the purchase price for the Shares in accordance with the terms of this Agreement. If the purchasing party is not in default and on the closing date the selling party shall neglect or refuse to complete the transaction, the purchasing party, upon such default and upon payment by it of the purchase price to the credit of the selling party at the bank of the Corporation or with the solicitor for the Corporation, shall have the right to complete the transaction as aforesaid for and on behalf of and in the name of the selling party and the selling party hereby irrevocably constitutes and appoints the purchasing party the true and lawful attorney of the selling party to complete the said transaction and to execute any and all documents necessary in that behalf. If the selling party is not in default and at the time of closing the purchasing party shall neglect or refuse to complete the transaction the selling party shall have the right, upon such default (without prejudice to any other rights which he may have), to terminate the agreement of purchase and sale and to deal with its Shares as he sees fit.

### **10.03 Release of Guarantees**

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Upon the closing of any purchase and sale of Shares pursuant to this Agreement, in the event the selling party is contingently liable by way of indemnity or guarantee or otherwise for any of the obligations or liabilities of the Corporation, then in such event the purchasing party shall provide indemnities to the selling party in form and context reasonably acceptable to such person(s), where necessary, against such obligations or liabilities and shall use their best efforts to attempt to obtain releases from such contingent obligations or liabilities.

#### **10.04 Repayment of Shareholder's Advances Upon Closing**

If there are Advances in favour of the selling party, then in such event, in addition to the purchase price as determined in accordance with the terms of this Agreement, the purchasing party shall pay to the selling party the amount of such Advances as at the closing date and the selling party shall assign to the purchasing party the Advances and any evidence of indebtedness therefor from the Corporation. In the event the selling party is indebted to the Corporation for any sum of money as at the closing date, the purchasing party shall deduct an amount equal to the indebtedness of the selling party to the Corporation from the purchase price payable to the selling party and shall pay said sum directly to the Corporation to extinguish the debt of the selling party to the Corporation.

#### **10.05 Compensation**

The Parties agree that so long as any instalment of the purchase price payable by any purchasing party for Shares remains payable to the selling party all dividends and other compensation payable by the Corporation to such purchasing party with respect to the Shares so purchased shall be paid directly by the Corporation to the selling party and such payment by the Corporation shall constitute and be deemed a valid payment of dividends or other compensation to the particular purchasing party to the extent of the payment so made to the selling party. For the purpose aforesaid, the Shareholders hereby irrevocably direct the Corporation to pay all such dividends or other compensation directly to the selling party until the full balance of the purchase price together with the interest thereon due to the selling party has been paid. Any such payment shall be deemed a prepayment with respect to the balance evidenced by any promissory note and shall not affect the purchasing party's obligation to make monthly payments based on the original amortization, it being intended that the deemed prepayment effected by this Section apply to the last instalments of the purchase price due to the selling party.

#### **10.06 Failure to Complete Sale**

If any Shareholder fails to complete any sale of such Shareholder's Shares required to be completed by such Shareholder under the terms of this Agreement through no fault of the purchasing Shareholder, upon payment of all moneys required to be paid relating to such sale by the purchasing Shareholder to the solicitors of the Corporation and upon the said solicitors being satisfied of the performance or ability to perform such other matters as are required to be performed by the purchasing Shareholder, the following shall take effect forthwith:

- (a) such defaulting Shareholder's rights, if any, attaching to any Shares cease; and
- (b) the right to appoint director(s) as a member of one of three zones enumerated in Article 3 hereof ceases;

and such defaulting Shareholder hereby irrevocably appoints the Corporation as his/her lawful attorney, and such appointment shall be coupled with an interest, for the purpose of giving effect to the terms relating to such sale including without limitation the transfer of any Shares owned by such defaulting Shareholder which are required to be transferred in accordance with the terms of such sale.

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**ARTICLE 11 - GENERAL PROVISIONS**

**11.01 Interest**

If any Shareholder is required by this Agreement to pay monies to any of the other Shareholders, such monies shall bear interest at the Prime Rate plus three (3%) percent per annum calculated monthly until repayment, unless a different rate of interest is expressly provided for herein.

**11.02 Further Assurances**

The Parties and each of them do hereby covenant and agree to do such things and execute such further documents, agreements and assurances as may be necessary or advisable from time to time in order to carry out the terms and conditions of this Agreement in accordance with their true intent.

**11.03 Singular, Plural and Gender**

Wherever the singular, plural, masculine, feminine or neuter is used throughout this Agreement the same shall be construed as meaning the singular, plural, masculine, feminine, neuter, body politic or body corporate where the fact or context so requires and the provisions hereof and all covenants herein shall be construed to be joint and several when applicable to more than one Party.

**11.04 Assignment of Agreement**

This Agreement shall not be assignable by any of the Parties except as a direct result of disposition of a Party's interest in accordance with the terms hereof and then subject to the provisions of Section 4.05 hereof.

**11.05 Notices**

Whether or not so stipulated herein, all notices, communication, requests and statements (the “**Notice**”) required or permitted hereunder shall be in writing.

Any Notice required or permitted hereunder shall be sent to the intended recipient at its address as follows:

- (a) to the Shareholders:

Smoky Lake County

\_\_\_\_\_  
Smoky Lake, Alberta

Email: \_\_\_\_\_

Fax: (780) \_\_\_\_\_

Town of Smoky Lake

\_\_\_\_\_  
Smoky Lake, Alberta

Email: \_\_\_\_\_

Fax: (780) \_\_\_\_\_

- (b) to the Corporation:

\_\_\_\_\_

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Smoky Lake, Alberta  
Email: \_\_\_\_\_  
Fax: (780) \_\_\_\_\_

or to such other address as each Party may from time to time direct in writing.

Notice shall be served by one of the following means:

- (c) by delivering it to the Party on whom it is to be served. Notice delivered in this manner shall be deemed received when actually delivered to such Party;
- (d) if delivered to a corporate party, by delivering it to the address specified in (c) during normal business hours. Notice delivered in this manner shall be deemed received when actually delivered;
- (e) by fax or email to the Party on whom it is to be served. Notice delivered in this manner shall be deemed received on the earlier of:
  - (i) if transmitted before 3:00 p.m. on a Business Day, on that Business Day; or
  - (ii) if transmitted after 3:00 p.m. on a Business Day, on the next Business Day after the date of transmission; or
- (f) by mailing via first class registered post, postage prepaid, to the party to whom it is served. Notice so served shall be deemed to be received five (5) days after the date it is postmarked. In the event of postal interruption, no notice sent by means of the postal system during or within seven (7) days prior to the commencement of such postal interruption or seven (7) days after the cessation of such postal interruption shall be deemed to have been received unless actually received.

#### **11.06 Entire Agreement**

The Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the Parties and there are no warranties, representations or other agreements among the Parties in connection with the subject matter hereof except as specifically set forth herein.

#### **11.07 Payment of Monies**

The Parties acknowledge and agree that any payment of monies required to be made hereunder shall be made in Canadian funds and that any tender of monies or documents hereunder may be made upon the solicitors acting for the Party upon whom the tender is desired and it shall be sufficient that a negotiable bank draft is tendered instead of cash.

#### **11.08 Unenforceable Terms**

If any term, covenant or condition of this Agreement or the application thereof to any Party or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement or application of such term, covenant or condition to a Party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and shall be enforceable to the fullest extent permitted by law.

#### **11.09 Amendments**

This Agreement may only be altered or amended in any of its provisions when any such changes are reduced to writing and signed by the Parties provided however that it shall not be necessary to make a Party to such Amending Agreement any Shareholder who ceased to be a member of the Corporation and who has been fully repaid any monies owing by the Corporation.

#### **11.10 Remedies Not Exclusive**

No remedy herein conferred upon any Party is intended to be exclusive of any other remedy available to that Party but each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing by law or in equity or by statute.

#### **11.11 Preamble and Schedules**

The Parties hereby confirm and ratify the matters contained and referred to in the preamble to this Agreement and agree that same and the various Schedules hereto are expressly incorporated into and form part of this Agreement.

#### **11.12 No Waiver**

No consent or waiver, express or implied, by any Party to or of any breach or default by any Party in the performance by such other Party of his/her obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such Party. Failure on the part of any Party to complain of any act or failure to act of another party or to declare such other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such Party of his/her rights hereunder.

#### **11.13 Counterparts**

This Agreement may be executed in several counterparts each of which when so executed shall be deemed to be an original, and such counterparts shall constitute the one and same instrument and, notwithstanding their date of execution, shall be deemed to bear date as of the date of this Agreement.

#### **11.14 Division**

The division of this Agreement into Articles, Sections, paragraphs or sub-paragraphs forms no part of this Agreement and shall be deemed to have been inserted and done for convenience.

#### **11.15 Headings**

The headings in this Agreement have been inserted for reference and as a matter of convenience only and in no way define, limit or enlarge the scope or meaning of this Agreement or any provision hereof.

#### **11.16 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. Each of the parties hereby irrevocably attorns to the exclusive jurisdiction of the Courts of the Province of Alberta.

**11.17 Time**

Time shall be of the essence of this Agreement.

**11.18 Survival**

The provisions of this Agreement which by their respective context are meant to survive closing of a purchase or sale and/or termination of this Agreement shall respectively survive such closing or termination, as the case may be, for the benefit of the Party or Parties relying thereon and shall not be merged therein or therewith.

**11.19 Business Day**

In any case where time limited by this Agreement expires on a day that is not a Business Day, the time shall be extended to and shall include the next succeeding Business Day.

**11.20 Statutory Reference**

Any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto and promulgated thereunder with all amendments made thereto and in force from time to time and any final judicial decisions interpreting the same, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto.

**11.21 Non-Merger**

Unless subsequently agreed in writing, the provisions of this Agreement shall not merge on but shall survive execution of supplementary documents and otherwise howsoever.

**11.22 Enurement**

This Agreement shall enure to the benefit of and be binding upon the Parties hereto, their heirs, executors, administrators, successors and permitted assigns.

**11.23 Dispute Resolution**

Except where otherwise provided herein, any dispute which may arise between the Parties hereto shall be determined in accordance with the provisions of the dispute resolution procedure attached as Schedule "A".

**IN WITNESS WHEREOF** the corporate parties have hereunto executed this Agreement by the hands of their duly authorized officers in that behalf and the individual parties have set their hands and seals effective the day and year first above written notwithstanding the actual date or dates of execution hereof.

**SMOKY LAKE COUNTY**

**SMOKY LAKE COUNTY**

Per:

Per:

\_\_\_\_\_

\_\_\_\_\_

Per:

Per:

\_\_\_\_\_

\_\_\_\_\_

**MCC FOR SMOKY LAKE DEVELOPMENT  
CORP.**

Per:

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Per:

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## SCHEDULE "A"

### DISPUTE RESOLUTION PROCEDURE

1. **Definitions** - In this Schedule, the following words and phrases have the following meanings:

- (a) **“Arbitrator”** means the person appointed to act as such to resolve any Dispute;
- (b) **“Arbitration”** means a process whereby each of the Parties, with or without legal counsel, agrees to jointly engage and meet with an Arbitrator who will render a binding decision in respect of any Disputes;
- (c) **“Dispute”** means any disagreement or controversy between the Parties concerning any matter arising out of this Agreement;
- (d) **“Disclosed Information”** means the information disclosed by a Party for the purpose of settlement, negotiation, Mediation or Arbitration;
- (e) **“Mediation”** means a process whereby a Representative of each Party, with or without legal counsel, agrees to jointly engage the services and meet with a Mediator to participate in a mediation, conciliation or similar dispute resolution process;
- (f) **“Mediator”** means the person appointed to facilitate the resolution of a Dispute between the Parties;
- (g) **“Party”** means a party to the Agreement to which this Dispute Resolution Procedure is attached, and **“Parties”** means more than one of them; and
- (h) **“Representative”** means an individual who has no direct operational responsibility for the matters comprising the Dispute who holds a senior position with a Party and who has full authority to settle a Dispute.

2. **Dispute Process** - In the event of any Dispute, the Parties agree that prior to commencing litigation, they shall undertake a process to promote the resolution of a Dispute in the following order:

- (a) first, by negotiation;
- (b) second, by way of Mediation; and
- (c) third, by arbitration, if mutually agreed to in writing at the time of the Dispute, by the Parties.

Negotiation, Mediation or Arbitration shall refer to, take into account, and apply the intentions and principles stated by the parties within Agreement to which this Schedule is attached.

3. **Negotiation** - A Party shall give written notice (**“Dispute Notice”**) to the other Party of a Dispute and outline in reasonable detail the relevant information concerning the Dispute. Within seven (7) days following receipt of the Dispute Notice, the Parties shall each appoint a Representative, who shall meet and attempt to resolve the Dispute through discussion and negotiation. If the Dispute is not resolved within thirty (30) days of receipt of the Dispute Notice, the negotiation shall be deemed to have failed.

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**4. Mediation** - If the Representatives cannot resolve the Dispute within such thirty (30) day period, then the Dispute shall be referred to Mediation. Any one of the Parties shall provide the other Party with written notice (“**Mediation Notice**”) specifying the subject matters remaining in Dispute, and the details of the matters in Dispute that are to be mediated. If the Mediation is not completed within sixty (60) days from the date of receipt of the Dispute Notice, the Dispute shall be deemed to have terminated and failed to be resolved by Mediation.

**5. Arbitration**

- (a) If the Mediation fails to resolve the Dispute and if both Parties so agree in writing, at the time of the dispute, the Dispute shall be submitted to binding Arbitration. One of the Parties may provide the other Party with written notice (“**Arbitration Notice**”) specifying the subject matters remaining in Dispute and the details of the matters in Dispute that are to be arbitrated. If the other Party agrees to proceed to Arbitration, such Dispute shall proceed to Arbitration. A failure to respond to the Arbitration Notice shall be deemed to constitute a refusal to proceed with Arbitration;
- (b) The Arbitrator shall conduct the Arbitration in accordance with the commercial arbitration rules (the “**Rules**”) established from time to time by the ADR Institute of Canada Inc., unless the Parties agree to modify the same pursuant to any arbitration agreement. The *Arbitration Act* (Alberta) shall apply to all Arbitrations but if there is a conflict between the Rules and the provisions of the Act, the Rules shall prevail. Notwithstanding the foregoing, any such Arbitration shall be conducted in the English language;
- (c) The Arbitrator shall proceed to hear and render a written decision concerning any Dispute within:
  - (i) forty-five (45) days, if the subject matter of the Dispute is less than \$50,000.00; or
  - (ii) one hundred and twenty (120) days, if the subject matter of the Dispute is greater than \$50,000.00.
- (d) The Arbitrator has the right to award solicitor-client costs against the unsuccessful Party and to award interest but does not have the right to award punitive, consequential or other exemplary damages.
- (e) The Arbitrator’s decision is final and binding but is subject to appeal or review by any court of proper jurisdiction only with respect to an allegation of fraud.

**6. Participation** - The Parties and their Representatives will participate in good faith in the negotiation, Mediation and, if applicable, Arbitration processes and provide such assistance and Disclosed Information as may be reasonably necessary and notwithstanding that litigation may have commenced as contemplated in this Schedule.

**7. Location** - The place for Mediation and Arbitration shall be as the Parties may agree upon or as the Mediator or the Arbitrator may direct in the event that the Parties cannot agree.

**8. Selection of Mediator and Arbitrator** - If the Parties are unable to agree upon the appointment of a single Mediator or Arbitrator within ten (10) days after receipt of the Mediation Notice or Arbitration Notice, either of the Parties may request that a single Mediator or Arbitrator, as the case may be, of suitable

training, experience and independence, and who in respect of the subject matter of the Dispute has a reasonable practical understanding, be appointed by the executive director or other individual fulfilling that role for the ADR Institute of Canada, Inc. The executive director shall be requested to make this determination within five (5) days of receipt of the request.

**9. Costs** - Subject to clause 5(d) of this Schedule in the case of an Arbitration, the Parties shall bear their respective costs incurred in connection with the negotiation, Mediation and, if applicable, Arbitration except that the Parties shall equally share the fees and expenses of the Mediator and Arbitrator and the cost of the facilities required for Mediation and Arbitration.

**10. Disclosed Information** - All Disclosed Information shall be treated as confidential and neither its delivery nor disclosure shall represent any waiver of privilege by a Party disclosing such Disclosed Information. Subject only to the rules of discovery, each Party agrees not to disclose the Disclosed Information to any other Person or for any other purpose. Such Disclosed Information cannot be used in any subsequent proceedings without the consent of the Party who has made the disclosure. The Parties agree that any Representative, Mediator and, if applicable, Arbitrator shall not be subpoenaed or otherwise compelled as a witness in any proceedings for the purpose of testifying with respect to the nature or substance of any dispute resolution process that may arise in relation to any matter that is a subject of this Agreement. Nothing in this dispute resolution procedure shall require a Party to disclose information that is subject to confidentiality provisions with third parties.

**11. Confidentiality** - The Parties agree that there is a real risk that substantial damage to a Party's commercial interests may result if Disclosed Information or Confidential Information is obtained by third parties because a Dispute becomes the subject matter of litigation. The Parties agree not to contest or oppose, directly or indirectly, an application by a Party to the court, that the court's file relating to such litigation, including this Agreement and supporting financial information, be sealed upon commencement of the litigation.

MCC FOR SMOKY LAKE DEVELOPMENT CORP.  
(THE "CORPORATION")

BYLAW No. 1

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**MCC FOR SMOKY LAKE DEVELOPMENT CORP.**  
**(THE "CORPORATION")**

**BYLAW NO. 1**

A bylaw relating generally to the transaction of the business and affairs of the Corporation.

**BE IT ENACTED** as a bylaw of the Corporation as follows:

**SECTION 1 - INTERPRETATION**

**1.01 Definitions**

In these and other bylaws of the Corporation, unless the context otherwise requires:

- (a) **"Act"** means the *Business Corporations Act* of the Province of Alberta, and any statute that may be substituted therefor, as from time to time amended;
- (b) **"appoint"** includes "elect" and vice versa;
- (c) **"Articles"** mean the articles of incorporation of the Corporation and any amendments thereto that may have been made from time to time, as filed with the corporate registrar;
- (d) **"Board"** means the board of the Directors of the Corporation, acting in accordance with the Act, the Articles, these Bylaws, and the USA;
- (e) **"Bylaws"** means this bylaw and all other bylaws of the Corporation from time to time in force and effect;
- (f) **"Committee"** means any committee of the Board that is struck from time to time;
- (g) **"Corporation"** means the corporation which has adopted these Bylaws and to which the same apply;
- (h) **"Director"** means a person appointed as a director of the Corporation, as contemplated within the Articles, these Bylaws and the Act, and **"Directors"** means two (2) or more of them;
- (i) **"Director's Family"** means a Director's Spouse or adult interdependent partner, the Director's children, the parents of the Director and the parents of the Director's Spouse or adult interdependent partner;
- (j) **"Distributing Corporation"** has the meaning given to it within the *Business Corporations Act*;
- (k) **"Municipalities"** mean all of Smoky Lake County and the Town of Smoky Lake and **"Municipality"** means any of them;
- (l) **"Officer"** means a person appointed as an officer of the Corporation, as contemplated within the Articles, these Bylaws and the Act, and **"Officers"** means two (2) or more of them;
- (m) **"Shareholder"** means a shareholder of the Corporation;
- (n) **"Spouse"** means the husband or wife of a married person but does not include a spouse who is living separate and apart from the person if the person and spouse have separated pursuant to a written separation agreement or if their support obligations and family property have been dealt with by a court order.

- (o) “**Telecommunication**” means any means or mode of electronic communication at a meeting that permits each participant to hear all other participants and to be heard by all participants;
- (p) “**Third Party Corporation**” has the same meaning as ascribed to the term “corporation” in the *Business Corporations Act*; and
- (q) “**USA**” means that Unanimous Shareholder Agreement amongst the Shareholder(s) of the Corporation, as it is amended from time to time.

### **1.02 Use Of Descriptor Words**

Words and expressions defined in the Act have the same meanings when used in the Bylaws. Words importing the singular number include the plural and vice versa; words importing gender include masculine, feminine and neuter genders. Without limiting the generality of the foregoing, a reference to the Board shall include a sole Director when the Corporation has only a sole Director.

### **1.03 Bylaws Subject to the Act**

The Bylaws are subject to the provisions of the Act, unless the Act otherwise specifically provides.

### **1.04 Conflict Between Bylaws and USA**

The Bylaws are subject always to the provisions of the Articles and the USA and in the event of conflict between the provisions of any Bylaws and provisions of the Articles and/or the USA, the provisions of the Articles and/or the USA shall prevail.

### **1.05 Effect Of Headings**

The headings used in this bylaw are inserted for convenience of reference only and do not affect the interpretation of this bylaw or any part hereof.

### **1.06 Effective Date**

The Bylaws shall come into force when enacted by the Board in accordance with the Act.

## **SECTION 2 - BOARD OF DIRECTORS**

### **2.01 Board of Directors**

Subject to the USA, the Directors shall manage or supervise the management of the business and affairs of the Corporation.

### **2.02 Composition of Board of Directors**

The Board of Directors shall be appointed in accordance with the USA..

### **2.03 Duty of Care of Board of Directors**

- (a) Subject to the USA, the Act and at law generally, every Director in exercising the Director’s powers and discharging the Director’s duties shall:
  - (i) act honestly and in good faith with a view to the best interests of the Corporation, and
  - (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

- (b) Every Director shall comply with this Act, the regulations, the Articles, these bylaws and the USA.

### **SECTION 3 - BOARD POSITIONS**

#### **3.01 Election of Chairperson**

- (a) The Board shall elect, from amongst their number the following positions:
- (i) the Chairperson of the Board; and
  - (ii) the Vice-Chairperson of the Board;
- plus any other positions on the Board, that the Board determines is necessary at the first regular meeting of the Board of each calendar year.
- (b) The Board may exercise respectively such powers and authority and shall perform such duties, in addition to those specified in these Bylaws, as may from time to time be prescribed by the Board.
- (c) The Board, in their discretion, may remove any person elected in Section 3.01, with or without cause, at any time. Notwithstanding the removal of any Director from the position in Section 3.01, this removal does not remove the Director as being a Director on the Board.
- (d) Each person appointed by the Board in this Section 3.01 shall hold office until:
- (i) a successor is appointed by the Board;
  - (ii) his/her resignation; or
  - (iii) his/her removal by the Board.
- whichever first occurs.
- (e) For clarity, the people elected pursuant to this Section 3.01 are not Officers, but remain Directors.

#### **3.02 Chairperson of the Board**

Without limiting anything contained in this Bylaw, the Chairperson of the Board shall:

- (a) preside over each regular meeting, special meeting and the annual meeting of the Board and of the Shareholders, and in doing so be the chairperson of such meetings;
- (b) vote on all matters before the Board;
- (c) be an ex-officio member of all Committees of the Corporation. Notwithstanding the membership ex-officio of any Committee:
  - (i) the Chairperson of the Board shall not have any voting rights at any Committee meeting unless the Chairperson of the Board is appointed by the Board to be a member of the Committee; and
  - (ii) the Chairperson of the Board shall not be a chairperson of the Committee unless the members of the Committee agree that the Chairperson of the Board shall be the chairperson of the Committee; and
- (d) either:



- (i) attend at all meetings of the Board and Committees of the Board for the purposes of being the recording secretary of the meeting; or
  - (ii) otherwise ensure that a recording secretary is present at such meetings;
- and shall therefore enter or cause to be entered in records kept for that purpose, minutes of all proceedings at such meetings;
- (e) to the extent not delegated to the Chief Administrative Officer or another officer as designated by the Board;
    - (i) attend and be the secretary at all meetings of the Shareholder(s), and shall enter or cause to be entered in records kept for that purpose, minutes of all proceedings at such meetings;
    - (ii) be the custodian of the corporate seal, if any, of the Corporation and shall have charge of all books, papers, reports, certificates, records, documents, registers and instruments belonging to the Corporation;
    - (iii) be responsible for registering or filing of, or causing to be registered or filed, all reports, certificates and all of the documents required by law to be registered or filed by the Corporation;
    - (iv) keep or cause to be kept proper accounting records in compliance with the Act and shall be responsible for the deposit of monies and other valuable effects of the Corporation in the name and to the credit of the Corporation in such banks or other depositories as the Board may from time to time designate;
    - (v) shall be responsible for the disbursement of the funds of the Corporation; and
    - (vi) render to the Board, whenever so directed, an account of all financial transactions and of the financial position of the Corporation;
  - (f) exercise such other powers and authority and shall perform such other duties as may from time to time be prescribed by the Board.

### **3.03 Vice-Chairperson of the Board**

The Vice-Chairperson of the Board shall:

- (a) have the powers of the Chairperson of the Board, in the absence or inability of the Chairperson of the Board to discharge its duties;
- (b) exercise such other powers and authority and shall perform such other duties as may from time to time be prescribed by the Board.

## **SECTION 4 - BOARD MEETINGS**

### **4.01 Frequency and Number of Board of Directors**

The Board, by resolution, may establish the date and number of regular meetings of the Board held during a calendar year, however, there shall be not less than one (1) regular meeting per year.

### **4.02 Calling of Director Meetings**

The Chairperson of the Board:

- (a) may call a meeting of the Board at the discretion of the Chairperson of the Board; and

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- (b) shall call a meeting upon receipt of written request by at least two (2) Directors. Upon receipt of a written request as stated, the Chairperson of the Board shall call this meeting within no less than forty five (45) days of receipt of this request, or sooner should the circumstances reasonably require this.

#### **4.03 Notice of Director Meeting**

Notice of the time and place of every Board meeting shall be given to each Director personally, by telephone, by facsimile transmission, or by electronic mail with a read receipt notifying the sender that the email has been read, not less than forty-eight (48) hours before the time fixed for the holding of such Board meeting, provided that any Board meeting may be held at any time and place without such notice if:

- (a) all the Directors are present thereat and signify their waiver of such notice at such meeting; or
- (b) all the Directors present thereat signify their waiver of such notice and all the Directors that are absent have signified their consent to the meeting being held in their absence.

A notice of a meeting of the Board must specify the purpose or the business to be transacted at the meeting.

#### **4.04 Quorum for Meeting**

A quorum of Directors shall be constituted when all of the below conditions are satisfied:

- (a) a simple majority of the Board attends;
- (b) at least one (1) Director from each Municipality attends.

#### **4.05 Voting on Matters**

- (a) Subject to both Section 4.09 of the Bylaws and anything contained to the contrary in the USA, all matters put to the Board shall be decided by a majority vote. For clarity, any matter that is subject a tie vote shall be defeated.
- (b) At every Board meeting every question shall be decided in the first instance by a show of hands, unless before or upon the declaration of the result by the show of hands, a poll is demanded by at least one (1) Director.
- (c) If a poll is demanded in the manner above mentioned, it shall be taken forthwith without adjournment and the result of such poll shall be deemed to be the resolution of the Board at which the poll was demanded. The recording secretary of the Board meeting shall cause to be entered into the minutes of the Board meeting, how each Director voted with respect to the matter that was voted on by such poll.
- (d) Subject to a poll vote in Section 4.05(c), a declaration by the Chairman that a resolution has been carried or carried by a particular majority, or lost, shall be conclusive and an entry to that effect in the book of proceedings of the Board shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favor of, or against such resolution.

#### **4.06 Casting Vote**

Subject to the USA, in the case of an equality of votes at a meeting of the Board, no person shall have a second or casting vote in addition to his/her original vote.

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#### **4.07 Agenda for Director Meetings**

The Chairperson of the Board shall establish the agenda for any meeting of the Board. The attendees of a meeting of either the Board shall adopt the agenda at the beginning of the meeting and may, upon agreement of a majority of those Directors present at the meeting, add or delete items from the agenda.

#### **4.08 Participation via Telecommunication**

A Director may participate in a meeting of the Board or of a Committee of Directors by Telecommunication and a Director participating in a meeting by those means is deemed to be present at the meeting.

#### **4.09 Meetings to be Held in Public**

A meeting of the Shareholders of the Corporation may be held in the absence of the public only if the subject-matter being considered in the absence of the public concerns something that would be ordinarily excluded pursuant to the terms of the *Freedom of Information and Protection of Privacy* which includes, but is not limited to the following:

- (a) the security of the property of the Corporation;
- (b) personal information of an individual, including an employee of a Corporation;
- (c) a proposed or pending acquisition or disposition of property by or for a Corporation;
- (d) labour relations or employee negotiations; or
- (e) a law enforcement matter, litigation or potential litigation, including matters before administrative tribunals affecting the Corporation;

and no other subject-matter is considered in the absence of the public, subject to Section 4.10 of these Bylaws.

#### **4.10 Written Resolution in Lieu of a Meeting**

Section 117 of the Act permits a written resolution of the Board in lieu of holding a meeting. Section 18 of the *Freedom of Information and Protection of Privacy Regulation*, A.R. 186/2008 provides an exception for the need to hold meetings in public if another statute dictates that such meetings need not be held in public.

Accordingly, a resolution or resolutions signed by all of the Directors, as such, without meeting together, whether embodied in the form of minutes of a meeting of Directors or not, shall be valid and effectual as if passed at a meeting of the Board duly called and constituted and shall be entered into the minute book of the Corporation accordingly, and may relate back to any date therein stated to be the effective date thereof. A Director may signify his/her assent to such resolution or resolutions in writing or by means of Telecommunication with respect to which a written record is made.

### **SECTION 5 - BOARD COMMITTEES**

#### **5.01 Committees of Directors**

Unless otherwise ordered by the Board, each Committee of Directors shall have power to fix its quorum at not less than a majority of its members, to elect its chairperson of each Committee and to regulate its own procedures.

The terms of reference for the foregoing Committees shall be established by each Committee and ratified by the Board, from time to time and as needed.

#### **5.02 Membership of Committees**

Without limiting anything in these Bylaws, the Chairperson of the Board shall be a member ex-officio of all Committees. Notwithstanding that the Chairperson of the Board shall be a member ex officio of all Committees:

- (a) the Chairperson of the Board shall not have voting rights at any Committee meeting unless the Chairperson of the Board is appointed to a Committee as a member of the Committee; and
- (b) the Chairperson of the Board shall not be a chairperson of the Committee unless the members of the Committee agree that the Chairperson of the Board shall be the chairperson of the Committee.

### **5.03 Committee Advisories**

Subject always to the provisions of the USA and the directives of the Board, any Committee may seek out and utilize people who are not directors to attend meetings of the Committee and provide an advisory function for the Committee and its members. For clarification, and without restricting the foregoing, such individual(s) shall not be deemed or implied to be members of the Committee by virtue of such attendance, and shall not vote upon any business or affairs of the particular Committee.

## **SECTION 6 - BOARD MATTERS (ADMINISTRATIVE)**

### **6.01 Minutes**

- (a) The Board shall cause all minutes of the meeting of the Board or a written resolution thereof to be entered into the minute book of the Corporation within thirty (30) days of the formal adoption of the minutes of the meeting or written resolution. The minutes of each meeting of the Board shall be approved at the next meeting of the Board, where reasonably possible.
- (b) The Board shall prepare and circulate amongst the Board for review and consideration, draft minutes of the most recent meeting of the Board within thirty (30) days after said meeting.

### **6.02 Corporate Seal**

The Board may adopt and change a corporate seal which shall contain the name of the Corporation and the Board may cause to be created as many duplicates thereof as the Board shall, from time to time, determine.

### **6.03 Execution of Documents**

Subject always to the restrictions or requirements of the USA:

- (a) the Board by resolution may from time to time direct the manner in which, and the person or persons, by whom, any particular instrument or class of instruments or documents may or shall be signed;
- (b) in the absence of a Board resolution, but subject always to the USA, any particular instrument or class of instruments must be signed on behalf of the Corporation by:
  - (i) any one Director; and
  - (ii) together with either the Chief Administrative Officer or his/her designate;or if the Corporation is authorized to have and has only one Director, then by any such person acting alone.
- (c) subject to the execution of the instrument by the representative(s) of the Corporation duly authorized under the Act, the USA and these Bylaws, any Director or Officer may affix the corporate seal to any instrument requiring the same.

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**SECTION 7 - OFFICERS****7.01 Appointment of Officer Positions**

The Board shall appoint the Chief Administrative Officer and such other officer that the Board desires, from time to time.

**7.02 Powers and Duties of Chief Administrative Officer**

The Chief Administrative Officer shall:

- (a) be president, chief operating officer and chief administrative officer of the Corporation and subject to the authorities of the Board shall have supervision of the business and affairs of the Corporation and shall have such other additional powers and duties as the Board may specify from time to time;
- (b) to the extent which duties are not accepted by the Chairperson of the Board and are delegated to the Chief Administrative Officer, either:
  - (i) attend at all meetings of the Board and Committees of the Board for the purposes of being the recording secretary of the meeting; or
  - (ii) otherwise ensure that a recording secretary is present at such meetings;and shall therefore enter or cause to be entered in records kept for that purpose, minutes of all proceedings at such meetings;
- (c) to the extent which duties are not accepted by the Chairperson of the Board and are delegated to the Chief Administrative Officer, either:
  - (i) attend and be the secretary at all meetings of the Shareholder(s) for the purposes of being the recording secretary of the meeting and shall enter or cause to be entered in records kept for that purpose, minutes of all proceedings at such meetings;
  - (ii) be the custodian of the corporate seal, if any, of the Corporation and shall have charge of all books, papers, reports, certificates, records, documents, registers and instruments belonging to the Corporation;
  - (iii) be responsible for registering or filing of, or causing to be registered or filed, all reports, certificates and all of the documents required by law to be registered or filed by the Corporation;
  - (iv) keep or cause to be kept, proper accounting records in compliance with the Act and shall be responsible for the deposit of monies and other valuable effects of the Corporation in the name and to the credit of the Corporation in such banks or other depositories as the Board may from time to time designate;
  - (v) shall be responsible for the disbursement of the funds of the Corporation; and
  - (vi) render to the Board, whenever so directed, an account of all financial transactions and of the financial position of the Corporation;
- (d) give or cause to be given as and when instructed, all notice to Shareholder(s), the Board, Officers, Auditors and members of Committees of the Board;
- (e) provide operational reports or other statements as to the affairs of the Board, as the Board may require from time to time;

- (f) certify any documents of the Corporation except when some other Officer or agent has been appointed for any such purpose;
- (g) ensure that the policies and programs of the Corporation are implemented;
- (h) advise and inform the Board on the operations and affairs of the Corporation; and
- (i) carry out any lawful direction of the Board from time to time.

### **7.03 Removal and Discharge of Officers**

The Board, in its discretion, may remove any Officer, with or without cause, at any time, unless the resolution or contract providing for the appointment of such Officer stipulates otherwise. Each Officer appointed by the Board shall hold office until a successor is appointed, or until his/her earlier resignation or removal by the Board.

### **7.04 Term of Office**

Each Officer appointed in these Bylaws shall hold office until:

- (a) a successor is appointed by the Board;
- (b) his/her resignation; or
- (c) his/her removal by the Board,

whichever first occurs.

## **SECTION 8 - SHAREHOLDER MEETINGS**

### **8.01 Meeting**

An annual meeting of the Shareholder(s) shall be called by the Chairperson of the Board, which shall be held no later than April 30 of each year. In no case shall an annual Shareholder meeting be called later than fifteen (15) months from the last preceding annual Shareholder(s) meeting.

### **8.02 Notice of Meeting**

Written notice of the annual Shareholder meeting shall be provided to the Shareholder(s) by mail postmarked, facsimile transmission or electronic mail with a read receipt not less than twenty one (21) days prior to the date of the annual Shareholder meeting.

### **8.03 Agenda for Shareholder Meetings**

The Chairperson of the Board shall establish the agenda for any meeting of the Shareholder(s). The attendees of a meeting of the Shareholder(s) shall adopt the agenda at the beginning of the meeting and may, upon agreement of a majority of those Shareholder(s) present at the meeting, add or delete items from the agenda.

### **8.04 Calling of Special Shareholder Meetings**

The Chairperson of the Board shall call a special meeting of the Shareholder(s) upon receipt of a request from no less than five (5%) percent of the issued shares of the Corporation.

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**8.05 Shareholder Quorum**

- (a) A quorum is present irrespective of the number of persons actually present at the meeting, if the holder or holders of no less than 2/3rds of all the issued Shares entitled to vote at the meeting are present in person or represented by proxy.
- (b) If a quorum is present at the opening of a meeting of shareholders the Shareholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.
- (c) If a quorum is not present at the opening of a meeting of the Shareholders, the Shareholders present may adjourn the meeting to a fixed time and place but may not transact any other business.

**8.06 Telecommunication/Virtual Meetings**

Any representative of a Shareholder(s) or any other person entitled to attend a meeting of Shareholder(s) may participate in the meeting by means of telephone, video or other communication facilities that permit all persons participating in the meeting to hear each other and a person participating in such a meeting by those means is deemed to be present at the meeting.

**8.07 Persons Entitled to be Present at Meetings**

- (a) The following persons are entitled to be present at a meeting of the Shareholder(s):
  - (i) those representatives of the Shareholder(s) entitled to vote thereat;
  - (ii) the Directors;
  - (iii) the auditor of the Corporation;
  - (iv) others who, although not entitled to vote, are entitled or required under any provision of the Act or these Bylaws to be present at the meeting; and
  - (v) those people as entitled to attend pursuant to Section 18 of the *Freedom of Information and Protection of Privacy Regulation*, A.R. 186/2008, as may be amended from time to time.
- (b) A meeting of a the Shareholders of the Corporation may be held in the absence of the public only as permissible pursuant to *Freedom of Information and Protection of Privacy Act* if the subject-matter being considered in the absence of the public concerns it, which may include, but not be limited to:
  - (i) the security of the property of the Corporation;
  - (ii) personal information of an individual, including an employee of a Corporation;
  - (iii) a proposed or pending acquisition or disposition of property by or for a Corporation;
  - (iv) labour relations or employee negotiations; or
  - (v) a law enforcement matter, litigation or potential litigation, including matters before administrative tribunals affecting the Corporation;and no other subject-matter is considered in the absence of the public.

**8.08 Notice of Adjourned Meeting**

If a meeting of Shareholder(s) is adjourned by one or more adjournments for an aggregate of less than 30 days, not less than five days' notice of the time and place of the adjourned meeting shall be given to those persons entitled to receive such notice as provided by the Act.

**8.09 Chairperson of Shareholder(s) Meetings**

The chairperson of any meeting of the Shareholder(s) shall be the first mentioned of such of the following persons as have been appointed and who is present at the meeting of the Corporation:

- (a) the Chairperson of the Board; and
- (b) the Vice-Chairperson of the Board.

If no such Officer is present within fifteen minutes from the time fixed for the holding of the meeting of the Shareholder(s), the persons present and entitled to vote shall choose one of their number then present to be chairperson of that meeting.

**8.10 Chairperson's Declaration as to Vote**

At any meeting, unless a ballot is demanded, a declaration by the chairperson of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or portion of votes recorded in favour of or against the motion.

**8.11 Voting by Ballot**

- (a) If a ballot is demanded by any person entitled to vote at a Shareholder(s) meeting and the demand is not withdrawn, the ballot so demanded shall be taken in such manner as the chairperson of the meeting shall direct. Upon a ballot each person who is entitled to vote at the meeting upon the question, shall vote that number of votes provided by the Act, USA or the articles, as the case may be.
- (b) The declaration by the chairperson of the meeting that the vote upon the question has been carried, or carried unanimously or by a particular majority, or lost or not carried by a particular majority and an entry in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of votes recorded in favour of or against any resolution or question.

**8.12 Scrutineers**

The chairperson of any meeting of the Shareholder(s) may appoint one or more scrutineers to count and report upon the results of the voting.

**8.13 Proxy**

The form of proxy by which a proxy holder may be appointed for any meeting of the Shareholder(s) shall be in the following form or in any other appropriate form accepted by the chairperson of the meeting:

**"Proxy"**

*The undersigned, being a Shareholder of MCC for Smoky Lake Development Corp., hereby nominate, constitute and appoint \_\_\_\_\_, or in the absence of \_\_\_\_\_, \_\_\_\_\_ as the undersigned's attorney, representative and/or proxy holder with full power and authority to attend, vote and otherwise act for the undersigned, in the undersigned's name and behalf at the annual (or special) meeting of Shareholder(s) of the Corporation, to be held at*



\_\_\_\_\_, on the \_\_\_\_ day of \_\_\_\_\_, A.D. 20\_\_ and at any and all adjournments thereof, with full power of substitution, and

The undersigned hereby revokes all other proxies given by, which might be used in respect of such meeting and any and all adjournments thereof.

Given this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

[Name of Shareholder]

Per: \_\_\_\_\_

#### **8.14 Written Resolution in Lieu of a Meeting**

Section 141 of the Act permits a written resolution of the Shareholders in lieu of holding a meeting. Section 18 of the *Freedom of Information and Protection of Privacy Regulation*, A.R. 186/2008 provides an exception for the need to hold meetings in public if another statute dictates that such meetings need not be held in public.

Accordingly, a resolution or resolutions signed by all of the Shareholders who are entitled to vote on such meeting, as such, without meeting together, whether embodied in the form of minutes of a meeting of Shareholders who are entitled to vote on such meeting or not, shall be valid and effectual as if passed at a meeting of the Shareholders who are entitled to vote on such meeting duly called and constituted and shall be entered into the minute book of the Corporation accordingly, and may relate back to any date therein stated to be the effective date thereof. A Shareholder may signify its assent to such resolution or resolutions in writing or by means of Telecommunication with respect to which a written record is made.

### **SECTION 9 - GENERAL MATTERS**

#### **9.01 Indemnification of Directors or Officers for Other Corporations on behalf of Corporation**

- (a) Except in respect of an action by or on behalf of the Corporation or body corporate to procure a judgment in its favour, the Corporation shall indemnify a Director, Officer, a former Director, a former Officer or a person who acts or acted at the Corporation's request as a Director or Officer of a body corporate of which the Corporation is or was a Shareholder or creditor, and his/her heirs and legal representatives, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he/she is made a party by reason of being or having been a Director or Officer of that Corporation or body corporate, if:
  - (i) he/she acted honestly and in good faith with a view to the best interests of the Corporation; and
  - (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he/she had reasonable grounds for believing that his/her conduct was lawful.
- (b) The Corporation may with the approval of the Court indemnify a person referred to in subparagraph (a) in respect of an action by or on behalf of the Corporation or body corporate to procure a judgment in its favour, to which he/she is made a party by reason of being or having been a Director of the Corporation or body corporate, against all costs, charges and expenses reasonably incurred by him in connection with the action if he/she fulfils the conditions set out in subparagraphs (a)(i) and (ii).

#### **9.02 Indemnification of Others**

Subject to Section 10.01(a) hereof, the Corporation may from time to time indemnify and save harmless any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he/she is or was an employee or agent of the Corporation, or is or was serving at

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the request of the Corporation as a Director, Officer, employee, agent of or participant in another corporation, partnership, joint venture, trust or other enterprise, against expenses (including legal fees), judgments, fines in any amount actually and reasonably incurred by him in connection with such action, suit or proceeding if the Board determines that:

- (a) he/she acted honestly and in good faith with a view to the best interests of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, he/she had reasonable grounds for believing that his/her conduct was lawful.

### **9.03 Right of Indemnity not Exclusive**

The provisions for indemnification contained in this Section 10 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaws, USA, vote of Shareholder(s) or disinterested Directors or otherwise both as to acting in an official capacity and as to acting in any other capacity while holding such office and shall continue as to a person who has ceased to be a Director and shall enure to the benefit of the heirs and legal representatives of such person.

### **9.04 Bylaw Amendment**

The Bylaws may only be made, amended or repealed as stipulated in the USA.

### **9.05 Notices**

In addition to any other method of service permitted by the Act any notice or document required by the Act, the regulations, the Articles or the Bylaws may be sent to any person entitled to receive same in the manner set out in the Act for service upon a Shareholder or director and by any means of Telecommunication with respect to which a written record is made. A notice sent by means of Telecommunication shall be deemed to have been given on the first business day after the date upon which the written record is made.

### **9.06 Waiver of Notice**

Any Shareholder (or its duly appointed proxy holder), Director, Officer, auditor or member of the Corporation may waive the requirement to give or the time for any notice required to be given to it under any provision of the Act, the regulations thereunder, the Articles, the Bylaws or otherwise, and such waiver or abridgment, whether given before or after the meeting or other event of which the notice is required to be given, shall cure any defect in the giving or in the time of such notice as the case may be. Any such waiver as aforesaid shall be in writing for the waiver to be valid.

### **9.07 Signature on Notice**

The signature to any notice to be given by the Corporation may be lithographed, written, printed or otherwise mechanically reproduced.

### **9.08 Surrender of Shares on Continuance**

Where this bylaw has become effective on the issue of a certificate of continuance for the Corporation the Board may require a member to surrender his/her share certificate for the purpose of having it cancelled and replaced by a new share certificate that complies with the Act.

### **9.09 Counterpart Documents**

Any resolution in writing may be executed in counterpart and shall thereupon be binding upon the person or persons whose signatures appear thereon subject to the execution of one or more similar counterparts to be executed in the aggregate by the remaining person or persons named or referred to therein.

**9.10 Solicitors Authorization**

The solicitors for the Corporation, as its agents, are authorized to, without further action or authorization from the Corporation, its Board, or Officers, as the case may be, execute and file with Alberta Corporate Registry or any other similar entity, whether in or outside of the Province of Alberta, any and all documents contemplated by the *Business Corporations Act* or any other applicable legislation or regulation, including but not limited to, a Notice of Change of Address.

Enacted by the Board as of the \_\_\_ day of \_\_\_\_\_, 20\_\_.

As evidenced by the signature of the Chairperson of the Board endorsed below.

\_\_\_\_\_  
Chairperson of the Board