

**DECLARATION OF TRUST
ESTABLISHING
THE COAST SUSTAINABILITY TRUST II**

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THE COAST SUSTAINABILITY TRUST II

This Declaration of Trust is made as of **March 27, 2007**.

BY:

ERIC VAN SOEREN, in his capacity as the sole holder of the office of Trustee of The Coast Sustainability Trust

(hereinafter in such capacity as trustee of The Coast Sustainability Trust referred to as the “**2002 Trustee**”)

BACKGROUND

On April 4, 2001, Her Majesty The Queen in Right of the Province of British Columbia (hereinafter referred to as the “**Province**”) announced an interim strategy for the Central Coast. This strategy included a series of decisions that affected land used planning, forest management, forest product sales and economic measures in the following British Columbia regions: the Central Coast, the North Coast and the Queen Charlotte Islands. This announcement was the culmination of three years of consultation and consensus building with 17 First Nations and 40 stakeholder groups (including industry, unions, contractors and environmentalists).

The consensus agreement contained the following six key commitments.

- (a) The suspension of marketing campaigns aimed at boycotts of forest products from the Central Coast.
- (b) The introduction of ecosystem-based management in the Central Coast.
- (c) The establishment of protection areas, with the voluntary suspension of logging activities in those areas.
- (d) The creation of an independent information team for ecological and other analysis.
- (e) The short-term mitigation of adverse economic impacts suffered by workers and contractors.
- (f) The long-term mitigation of adverse economic impacts.

To implement the short-term mitigation portion of the above commitments, the Province established The Coast Sustainability Trust (hereinafter referred to as the “**2002 Trust**”) on March 28, 2002 pursuant to a Deed of Trust (hereinafter referred to as the “**2002 Trust Deed**”) between the Province (as settlor of the 2002 Trust) and The Bank of Nova Scotia Trust Company (as initial trustee of the 2002 Trust). The Bank of Nova Scotia Trust Company later resigned as trustee of the 2002 Trust and was succeeded in that office by the 2002 Trustee.

The purpose of the 2002 Trust was to provide short-term mitigation of adverse impacts resulting

from land use planning decisions made in respect of the Central Coast, the North Coast and the Queen Charlotte Islands. This short-term mitigation was provided as an enhancement and transition to longer-term mitigation support provided by existing infrastructure and other programs offered by federal, provincial and regional agencies.

The 2002 Trust is scheduled to terminate in the near future. Due to delays in organizing community-based projects as well as due to the April 1, 2005 transfer of significant amounts from the 2002 Trust Mitigation Account to the 2002 Trust Matching Funds Account, the 2002 Trust has not yet distributed all its funds. As well, there is general consensus that a need exists for continuation of certain aspects of the short-term mitigation support provided by the 2002 Trust. As a result, the 2002 Trustee has decided to create a new trust that will continue to fulfill the goals that were behind the creation of the 2002 Trust.

Section 9.08 of the 2002 Trust Deed authorizes the 2002 Trustee to create a new trust and to transfer some or all of the property of the 2002 Trust to that new trust, provided that such new trust meets the criteria set out in section 9.08 of the 2002 Trust Deed.

The advisory board (hereinafter referred to as the “**2002 Trust Advisory Board**”) of the 2002 Trust has approved the establishment of the new Trust contemplated by this Declaration.

Mary Ellen Ross has agreed to contribute \$1 (hereinafter referred to as the “**Settlement Matching Contribution**”) to this new trust so that there is a matching contribution, as required by the 2002 Trust Deed. The 2002 Trustee has determined that the Settlement Matching Contribution will qualify as matching funds for purposes of section 5.01(2)(d)(ii) of the 2002 Trust Deed.

In light of the above, the 2002 Trustee hereby signs this Declaration of Trust for the purpose of establishing the new trust described in this Declaration.

PART 1 -- ESTABLISHMENT OF THE NEW TRUST

1.01 CREATION OF THE NEW TRUST

- (1) The 2002 Trustee hereby declares as follows.
 - (a) The 2002 Trustee henceforth holds the sum of \$1 (hereinafter referred to as the “**Initial Property**”) as property of the new trusts set out in this Declaration, holds such property as Trustee under such new trust and holds such property subject to the powers and provisions contained in this Declaration.
 - (b) The Initial Property is no longer property of the 2002 Trust.
- (2) For all purposes of the 2002 Deed and this Declaration, the 2002 Trustee shall be considered to have transferred the Initial Property to himself as Trustee of the new trusts established under this Declaration.
- (3) For greater certainty, the holder of the office of the 2002 Trustee is hereby declared to be the initial holder (hereinafter referred to as the “**Initial Trustee**”) of the office of Trustee

of the new trusts established under this Declaration.

- (4) The Initial Trustee (and such other individuals as may be appointed to the office of Trustee hereunder) shall hold the Initial Property and all other Trust Property in trust pursuant to the new trusts described in this Declaration and subject to the powers and provisions contained in this Declaration.

1.02 SETTLEMENT MATCHING CONTRIBUTION

The Initial Trustee hereby acknowledges receipt of the Settlement Matching Contribution.

1.03 NAME OF THE TRUST

- (1) For convenience of reference, the Trust shall be known as “**The Coast Sustainability Trust II**” or such other name as the Trustee may from time to time determine.
- (2) For purposes of transfers of property to the Trust and other formal matters, the Trust may as a matter of convenience be referred to as follows.

The trustee for the time being of The Coast Sustainability Trust II,
in the capacity of such individual as such trustee.

- (3) In addition to the above ways of referring to the Trust, any reference to the Trust shall be effective so long as that reference includes the name of at least one individual then holding the office of Trustee and indicates that such individual is acting in a fiduciary capacity pursuant to the trusts set out in this Declaration.

1.04 IRREVOCABLE NATURE OF THE TRUST

- (1) This Declaration and the trusts created by this Declaration are irrevocable.
- (2) For greater certainty, the establishment of the Trust does not provide the Province with any rights over the Initial Property and any other Trust Property that may at any time come into existence.

1.05 DURATION OF THE TRUST

- (1) The Trust shall be in effect for the period (hereinafter referred to as the “**Term**”) commencing on the date of this Declaration and ending (subject to any extension of the Term pursuant to section 5.02(4)) on the earlier of the following dates.
 - (a) The Termination Date.
 - (b) The date on which there is no remaining Trust Property.
- (2) The **Termination Date** means the earlier of the following dates.
 - (a) The day before the 19th anniversary of this Declaration.

- (b) If the Trustee determines that it is desirable for the the Trust to terminate prior to the 19th anniversary of this Declaration, such earlier date as is selected by the Trustee and approved by the Advisory Board. Without limiting the generality of the foregoing, the Trustee may select a date under this provision if the Trustee determines that the Trust Property has been depleted to such an extent that it is no longer useful to continue the existence of the Trust.

PART 2 -- FUNDS OF THE TRUST

2.01 INITIAL FUNDS OF THE TRUST

- (1) The Trustee shall allocate half of the Initial Property and half of the Settlement Matching Contribution equally to the following two Funds of the Trust.
 - (a) The Community Fund, as described in Part 3.
 - (b) The EBM Fund, as described in Part 4.
- (2) The Community Fund and the EBM Fund are Matching Funds and, as such, are governed by the provisions of Part 6.
- (3) The Community Fund is a Public Benefit Fund and, as such, is governed by the provisions of Part 7.
- (4) The EBM Fund is not a Public Benefit Fund and is not governed by the provisions of Part 7.

2.02 ESTABLISHMENT OF NEW FUNDS

- (1) On the contribution of additional property to the Trust, the Trustee may make a Supplementary Declaration that establishes a new Fund, provided that the new Fund is inconsistent with neither the Trust Distribution Objectives nor the wishes of the contributor.
- (2) If the Trustee establishes a new Fund, the Trustee may, at any time within 90 days of the establishment of the new Fund, make a Supplementary Declaration dealing with the following matters in respect of that new Fund.
 - (a) The Trustee may appoint Entities as Beneficiaries in respect of that new Fund, provided that each respective Entity so appointed
 - (i) is a Beneficiary of a Fund that is then in existence; or
 - (ii) is an Entity that could have been appointed as a Beneficiary under section 8.02.
 - (b) The Trustee may define the beneficial interests of the Beneficiaries of the new Fund in respect of the new Fund. Without limiting the generality of the foregoing,

the Trustee may make the following declarations.

- (i) The Trustee may declare that specific Beneficiaries, or a specific class of Beneficiaries, have only limited rights to be considered for possible distributions from that new Fund.
 - (ii) The Trustee may establish a preference or priority for specific Beneficiaries, or a specific class of Beneficiaries, in respect of distributions from the new Fund.
 - (iii) The Trustee may declare that specific Beneficiaries, or a specific class of Beneficiaries, are to be considered for possible distributions from that new Fund only after other specific Beneficiaries, or some other specific class of Beneficiaries, have been considered for distributions.
 - (iv) The Trustee may define a class of Beneficiaries by reference to any criterion that the Trustee considers appropriate, including economic factors and geographic location within the Specified Area.
- (c) The Trustee may establish distribution objectives in respect of that new Fund, provided that such objectives are not inconsistent with the Trust Distribution Objectives and are not objected to by the Entity that contributed the property that is being allocated to that new Fund. Without limiting the generality of the foregoing, the distribution objectives for the new Fund may set out the relevant criteria for making distributions from that Fund.
 - (d) The Trustee may confer on the Advisory Board or on any other Entity or group of Entities the power to make and amend guidelines in respect of that new Fund. In conferring such power, the Trustee may place restrictions on the ability to exercise such power (including restrictions as to the time during which the power may be exercised and restrictions as to the scope of the power). If the Trustee identifies no restrictions in the Supplementary Declaration that grants any such power, the power will be considered to be restricted only by the express provisions of this Declaration.
 - (e) The Trustee may declare that the new Fund is a Matching Fund, in which case Part 6 shall apply in respect of that new Fund.
 - (f) The Trustee may declare that the new Fund is not a Public Benefit Fund, in which case Part 7 shall not apply in respect of that new Fund.
- (3) Unless a Supplementary Declaration made pursuant to section 2.02(2)(e) declares that a new Fund is a Matching Fund, a new Fund shall be deemed to not be a Matching Fund and Part 6 shall not apply in respect of that new Fund.
 - (4) Unless a Supplementary Declaration made pursuant to section 2.02(2)(f) declares that a new Fund is not a Public Benefit Fund, a new Fund shall be deemed to be a Public

Benefit Fund and Part 7 shall apply in respect of that new Fund.

2.03 ALLOCATION OF CONTRIBUTIONS TO FUNDS

- (1) On the contribution of additional property (including money) to the Trust, the Trustee shall allocate that additional property to or among one or more of the Trust's Funds (including any new Fund established on the contribution of that additional property). Any such allocation must be consistent with the Trust Distribution Objectives and with the wishes of the contributor.
- (2) Any income or capital gains realized by the Trust in respect of Trust Property of a Fund shall be treated as income or capital gains of that Fund.

2.04 REALLOCATION OF AMOUNTS BETWEEN FUNDS

- (1) “**Allocated Amount**” means an amount that has been allocated to a Fund pursuant to section 2.01(1) or section 2.03.
- (2) The Trustee may, by Supplementary Declaration approved by the Advisory Board, re-allocate all or any part of an Allocated Amount from one Fund to to another Fund.

2.05 SEPARATE RECORDS FOR EACH FUND

The Trustee shall keep separate records for each separate Fund of the Trust.

2.06 FUND GUIDELINES

Fund Guidelines shall be interpreted merely as guidelines for the guidance of the Trustee when exercising the discretion conferred on the Trustee by this Declaration. Fund Guidelines shall not be interpreted as binding rules fettering that discretion.

PART 3 – THE COMMUNITY FUND

3.01 DEFINITIONS

- (1) The following definitions are relevant to the Community Fund.
 - (a) “**Municipality**” has the meaning assigned to that term by the *Local Government Act* (British Columbia).
 - (b) “**Regional District**” has the meaning assigned to that term by the *Local Government Act* (British Columbia).
 - (c) “**Specified Area**” means the Central Coast, the North Coast and the Queen Charlotte Islands, as set out in the maps attached as Schedule A to this Declaration (which maps are expressly incorporated into this Declaration).

3.02 BENEFICIARIES OF THE COMMUNITY FUND

- (1) The Beneficiaries of the Community Fund, at any time and from time to time, are such of the following Entities as are in existence at that time.
 - (a) Municipalities and unincorporated areas located in the following geographic areas (hereinafter referred to collectively as the “**Regions**” and respectively as a “**Region**”).
 - (i) Comox-Strathcona Regional District.
 - (ii) Mount Waddington Regional District.
 - (iii) Central Coast Regional District.
 - (iv) Skeena-Queen Charlotte Regional District.
 - (v) Those portions of the Kitimat-Stikine Regional District that are included in the Specified Area.
 - (b) Any Band that is located within the Specified Area, including the members of any such Band. For this purpose, a Band will be considered to be located within the Specified Area if the Band has a generally-recognized traditional territory that is located wholly or partly within the Specified Area (whether or not any member of that Band actually resides within the Specified Area).
 - (c) Any Entity that is located within the Specified Area.
 - (d) Any Entity that is appointed as a beneficiary of the Community Fund pursuant to the power of appointment set out in section 8.02, but with effect only as of the date of such appointment and subject to the terms and conditions of such appointment.

3.03 DISTRIBUTIONS FROM THE COMMUNITY FUND PRIOR TO THE TERMINATION DATE

Subject to the requirements of Part 5, Part 6 and Part 7, and at any time prior to the Termination Date, the Trustee may make a distribution to a Beneficiary of the Community Fund if the Trustee has determined that the making of that distribution is not inconsistent with one or more of the following objectives (hereinafter referred to collectively as the “**Community Objectives**”).

- (a) The encouragement of long-term sustainable economic development and diversification.
- (b) The development of regional and community strategic planning.
- (c) The encouragement of activities with expected long term economic benefits.

- (d) Reduced reliance on forestry-based activities.
- (e) The development of alternative, viable and sustainable economic activities.

PART 4 – THE EBM FUND

4.01 DEFINITIONS

The following definitions are relevant to the EBM Fund.

- (a) “**EBM**” in respect of the Specified Area or a defined portion of the Specified Area, means an ecosystem-based management system of forestry adopted by the Province in respect of the Specified Area or that portion of the Specified Area, as set out in a Supplementary Declaration made by the Trustee and approved by the Advisory Board.
- (b) “**Specified Period**” means, in respect of the Specified Area or a defined portion of the Specified Area, a period of time prior to the implementation of EBM in that Specified Area or defined portion of the Specified Area. The exact period of time, the date of implementation of EBM and the definition of any defined portion of the Specified Area shall be determined by Supplementary Declaration made by the Trustee and approved by the Advisory Board. The length of a Specified Period and the date of implementation of EBM may vary as between different defined portions of the Specified Area.

4.02 BENEFICIARIES OF THE EBM FUND

- (1) The Beneficiaries of the EBM Fund, at any time and from time to time, are such of the following Entities as are in existence at that time.
 - (a) Any individual (hereinafter referred to as a “**Worker**”) who was employed in the forest industry at any time during a Specified Period and who reported for work during that period of employment at a location within the Specified Area.
 - (b) Any Entity (hereinafter referred to as a “**Contractor**”) who
 - (i) provided services within the Specified Area pursuant to a contract with a Crown tenure holder at any time during a Specified Period; or
 - (ii) was operating a sawmill during a Specified Period (whether inside or outside of the Specified Area) and, in any period of twelve consecutive months during the Specified Period, acquired from the Specified Area at least 25% of the wood used in operating that sawmill.
 - (c) Any Entity identified in section 3.02(1)(a), section 3.02(1)(b) or section 3.02(1)(c).
 - (d) Any Entity that is appointed as a beneficiary of the EBM Fund pursuant to the

power of appointment set out in section 8.02, but with effect only as of the date of such appointment and subject to the terms and conditions of such appointment.

- (2) The Trustee may, by Supplementary Declaration approved by the Advisory Board, modify the provisions of section 4.02(1)(a) and 4.02(1)(b).

4.03 DISTRIBUTIONS FROM THE EBM FUND PRIOR TO THE TERMINATION DATE

Subject to the requirements of Part 5 and Part 6, and at any time prior to the Termination Date, the Trustee may make a distribution to a Beneficiary of the EBM Fund if the Trustee has determined that the making of that distribution is not inconsistent with one or more of the following objectives (hereinafter referred to collectively as the “**EBM Objectives**”).

- (a) The distribution will assist in mitigating any adverse effect suffered by a Beneficiary of the EBM Fund as a result of the introduction of EBM in respect of the Specified Area or a defined portion of the Specified Area.
- (b) The distribution will encourage major stakeholders in the forest industry in the Specified Area or a defined portion of the Specified Area to collaboratively design an innovative strategy for sustainable long-term use of the provincial Crown land base within the Specified Area or a defined portion of the Specified Area.
- (c) The distribution will encourage and actively support sustainable resource management in the Specified Area or a defined portion of the Specified Area.

PART 5– GENERAL DISTRIBUTION PROVISIONS

5.01 DISTRIBUTIONS PRIOR TO THE TERMINATION DATE

- (1) Subject to the other provisions of this section 5.01, the Trustee will hold the Trust Property of a Fund upon the following trusts at all times prior to the Termination Date.
 - (a) To pay or distribute, in respect of each fiscal year of the Trust and on or before the end of such fiscal year, so much of the income of the Trust in respect of that fiscal year to or for the benefit of all or any one or more of the Beneficiaries of that Fund in such respective share or shares as the Trustee from time to time determines.
 - (b) To pay or distribute so much of the capital of the Trust at any time and from time to time to or for the benefit of all or any one or more of the Beneficiaries of that Fund in such respective share or shares as the Trustee from time to time determines.
- (2) The Trustee may make a distribution to a Beneficiary of a Fund only in the following circumstances.
 - (a) The Trustee must have determined that the making of such distribution is

consistent with one or more of the following objectives (hereinafter referred to collectively as the “**Trust Distribution Objectives**”) in respect of all or any part of the Specified Area.

- (i) The Community Objectives.
 - (ii) The EBM Objectives.
- (b) The distribution must not be inconsistent with any Fund Guidelines established in respect of the Fund out of which the distribution is being made.
 - (c) If the Fund is a Matching Fund, the distribution must comply with the provisions of Part 6.
 - (d) If the Fund is a Public Benefit Fund, the distribution must comply with the provisions of Part 7.
 - (e) If the Fund is a new Fund established pursuant to section 2.02, the distribution must comply with any Supplementary Declaration made under section 2.02(2) in respect of that new Fund.
- (3) No Beneficiary has any right to receive any portion of the income or capital of the Trust unless and until the Trustee exercises a discretion in favor of such Beneficiary.

5.02 TRANSFER OF FUNDS AT THE END OF THE TERM

- (1) At the end of the Term , the Trustee will transfer any Trust Property then remaining to such Entity as is selected by the Trustee, provided that such Entity agrees to use such income and capital for purposes consistent with the Trust Distribution Objectives and binds itself to such use in a manner acceptable to the Trustee.
- (2) In selecting a recipient for purposes of section 5.02(1), the Trustee shall give preference to an Entity that has objects that are compatible with the Trust Distribution Objectives. The judgement of the Trustee in respect of the selection of a recipient shall be final and conclusive.
- (3) For purposes of section 5.02(1), the Trustee may select an Entity that was created by the Trustee.
- (4) The Trustee may, by Supplementary Declaration made before the Termination Date, extend the Term of the Trust for such length of time (not exceeding two years after the Termination Date) as the Trustee may require in order to select a recipient of the remaining income and capital in accordance with section 5.02(1). During any such extension of the Term, however, the Trustee shall not make any distributions (other than a transfer of Trust Property pursuant to section 5.02(1)).
- (5) Part 6 shall not apply in respect of any transfer made pursuant to this section 5.02.

5.03 NO DISTRIBUTION TO THE PROVINCE

Notwithstanding any other provision of this Declaration, no portion of the Trust Property may at any time be distributed to, paid to, lent to or otherwise applied in favour of or for the benefit of the Province or to any branch, ministry or Crown agent of the Province.

PART 6 – SPECIAL RULES APPLICABLE TO PRE-TERMINATION DATE DISTRIBUTIONS OUT OF A MATCHING FUND

6.01 REQUIREMENT FOR CONTRIBUTIONS FROM OTHER SOURCES

- (1) Prior to the Termination Date, the Trustee may make a distribution to a Beneficiary out of a Matching Fund only if that Beneficiary has raised or received funds (hereinafter referred to as the “**Contributory Funding**”) from some source other than the Trust. In this regard, the following rules apply.
 - (a) In respect of the first \$12,500 (hereinafter referred to as the “**Initial Contributory Funding**”) of Contributory Funding, the distribution from the Matching Fund shall not exceed three times the amount of the Initial Contributory Funding.
 - (b) In respect of any amount (hereinafter referred to as the “**Additional Contributory Funding**”) of Contributory Funding that exceeds the Initial Contributory Funding, the distribution from the Matching Fund shall not exceed the amount of the Additional Contributory Funding.
- (2) The Trustee shall have the power to determine whether and to what extent any amount being received by a Beneficiary qualifies as either Initial Contributory Funding or Additional Contributory Funding.
- (3) For purposes of illustration only, assume that a third party contributes \$55,000 to a specific project undertaken by a Beneficiary. The Trustee would be able to distribute no more than \$80,000 to that Beneficiary in respect of that project, calculated as follows.
 - (a) An initial distribution of \$37,500, being three times the first \$12,500 contributed by the third party.
 - (b) An additional distribution of \$42,500, being equal to the remaining \$42,500 contributed by the third party.

PART 7 -- SPECIAL RULES APPLICABLE TO DISTRIBUTIONS OUT OF A PUBLIC BENEFIT FUND

7.01 NO SUBSIDIES OUT OF A PUBLIC BENEFIT FUND

- (1) The Trustee shall not make a distribution out of a Public Benefit Fund to an Entity (hereinafter referred to as a “**For-Profit Enterprise**”) that carries on a business or other endeavour for the purpose of distributing profit to one or more private owners. However, a For-Profit Enterprise does not include any of the following Entities.

- (a) An association governed by the *Cooperative Association Act* (British Columbia) or any successor statute.
 - (b) An Entity that is, or is owned by or for the benefit of, a Band.
 - (c) An Entity that is, or is owned by or for the benefit of, a Municipality, a Regional District, a civic community, a civic association or some other segment of the general public.
- (2) The Trustee shall refuse to make a distribution out of a Public Benefit Fund if the Trustee has reason to believe that the distributed amount will be
- (a) passed on or flowed through to; or
 - (b) applied for the exclusive benefit of;

one or more specific For-Profit Enterprises. However, this shall not prevent the Trustee from distributing amounts to a non-profit entity merely because there may be some incidental benefit to one or more For-Profit Enterprises. For example, the Trustee may distribute funds to an economic development association even though that association plans to use the funds to develop infrastructure that will be of general benefit to For-Profit Enterprises operating in a general geographic area.

PART 8 – RULES IN RESPECT OF BENEFICIARIES

8.01 GENERAL RULES REGARDING BENEFICIARIES

- (1) In determining whether a specific Entity qualifies as a Beneficiary of a Fund established under this Declaration, the judgement of the Trustee will be final and conclusive.
- (2) A specific Entity may be a Beneficiary of more than one Fund.

8.02 POWER OF APPOINTMENT

- (1) The Trustee has the power, exercisable at any time and from time to time by Supplementary Declaration, to appoint an Entity as an additional Beneficiary if
 - (a) such Entity would not otherwise be a beneficiary under this Declaration; and
 - (b) the Trustee determines that the appointment of such Entity as a Beneficiary would be consistent with, and enhance the fulfillment of, the Trust Distribution Objectives.
- (2) A Supplementary Declaration that appoints an Entity as a Beneficiary may restrict the beneficial interest of that Entity to a specific Fund.

PART 9 -- ADVISORY BOARD

9.01 ESTABLISHMENT OF ADVISORY BOARD

- (1) At all times during the Term, the Trust shall have an Advisory Board.
- (2) The following members of the 2002 Trust Advisory Board in office as of the date of this Declaration shall constitute the initial members of the Advisory Board and shall be deemed for the purposes of this Declaration to be a nominee of the Nominator identified opposite the name of that member.

Member	Deemed Nominator of that Member
Harvey Arcand	United Steelworkers of America
John Horning	Coast Forest Products Association
Brenda Swanson	Province (but to be selected by the Province from among the elected officials of a Municipality or Regional District that is a Beneficiary under this Declaration)
John Bones	Province (selected at the discretion of the Province)
Ken Dyson	Truck Loggers Association

- (3) If a member of the Advisory Board ceases to act as such, the Trustee shall select a replacement in accordance with the following procedure.
 - (a) If the member being replaced was a nominee of a Nominator, the Trustee shall ask the Nominator to provide the Trustee with a list of no less than three nominees together with biographical information on each nominee and any other information that may be requested by the Trustee.
 - (b) The Trustee shall appoint, as the replacement, one of the nominees included in that list of nominees.
 - (c) If a nominee refuses to accept the appointment, the Trustee may request that the Nominator name an additional nominee if the remaining nominees are less than the minimum required number of nominees referred to in section 9.01(3)(a).
 - (d) The Trustee shall have no obligation to appoint a replacement in respect of a nominee of any Nominator unless the Nominator has first provided to the Trustee the minimum required number of nominees referred to in section 9.01(3)(a).

9.02 ADVISORY BOARD PROCEDURES

- (1) The Trustee shall chair all meetings of the Advisory Board and may call meetings of the

Advisory Board.

- (2) Notwithstanding that the Trustee is to chair meetings of the Advisory Board, the Trustee is not a member of the Advisory Board and has no power to cast any vote in respect of any matter being considered by the Advisory Board. Without limiting the generality of the foregoing, the Trustee has no casting vote in the event of a tie vote.
- (3) If the Trustee is unable to attend a meeting of the Advisory Board, the Trustee may appoint any individual (hereinafter referred to as the “**Alternate Chair**”) to chair that meeting. However, any Alternate Chair must be someone who is not a member of the Advisory Board.
- (4) Any Alternate Chair of an Advisory Board meeting will have all the powers, authorities, duties and discretions that would be applicable to the Trustee if the Trustee had personally chaired that meeting. This provision applies notwithstanding any general prohibition against the delegation of powers by a trustee.
- (5) The quorum for a meeting of the Advisory Board shall consist of the following individuals.
 - (a) One of the Trustee or the Alternate Chair.
 - (b) The greater of
 - (i) three members of the Advisory Board; and
 - (ii) 75% of the members of the Advisory Board then in office.
- (6) The Trustee may establish procedures to be followed by the Advisory Board in respect of any procedural or operational matter.

9.03 POWERS AND DUTIES OF THE ADVISORY BOARD

- (1) The Advisory Board may establish guidelines in respect of distributions from a Matching Fund, provided that such guidelines are not inconsistent with the Trust Distribution Objectives. Any such guidelines shall be considered to be the Fund Guidelines in respect of that Matching Fund.
- (2) The Advisory Board may approve Supplementary Declarations pursuant to any provision of this Declaration that requires Advisory Board approval for a Supplementary Declaration. Such provisions include provisions in section 4.01 and section 4.02(2).
- (3) The Advisory Board will be considered to have established a guideline or to have approved a Supplementary Declaration only if
 - (a) all members then in office have consented to the guideline or Supplementary Declaration; or

- (b) while a quorum was present at a validly-constituted meeting of the Advisory Board, at least 75% of the members of the Advisory Board then in office have concurred in that guideline or Supplementary Declaration.
- (4) The Advisory Board may not establish guidelines in respect of any Fund other than the following Funds.
 - (a) The Community Fund.
 - (b) The EBM Fund
 - (c) Any other Fund in respect of which the Advisory Board has been appointed under section 2.02(2)(d), but subject to any restrictions in that appointment.

9.04 LIMITED POWER TO REIMBURSE CERTAIN ADVISORY BOARD EXPENSES

- (1) Subject to section 13.05, the Trustee has the power to reimburse members of the Advisory Board for the following expenses incurred in the course of carrying out the functions of an Advisory Board member.
 - (a) Reasonable travel expenses, including automobile mileage allowances. However, any automobile mileage allowances are not to exceed the amounts prescribed for purposes of section 18(1)(r) of the Income Tax Act.
 - (b) Accommodation expenses.
- (2) The Trustee shall not use any part of the Trust Property to pay for any other expense incurred by the Advisory Board or by a member of the Advisory Board.

9.05 DISMISSAL OF ADVISORY BOARD MEMBER

- (1) The Trustee may at any time dismiss any member of the Advisory Board.
- (2) The Trustee may exercise the dismissal power referred to in section 9.05(1) by a written notice (hereinafter referred to as the “**Dismissal Notice**”) signed by the Trustee and delivered to the dismissed member and each other member of the Advisory Board. However, failure to give a copy of the Dismissal Notice to a member of the Advisory Board will not invalidate the effectiveness of the dismissal.
- (3) The effective date of any dismissal effected pursuant to section 9.05(1) will be the date of delivery of the Dismissal Notice to the dismissed member or any later date specified in the Dismissal Notice.
- (4) The Trustee may exercise the dismissal power referred to in section 9.05(1) for any reason, whether with or without cause, and even if there is then a disagreement between the Trustee and the dismissed member.
- (5) On receipt of a Dismissal Notice that dismisses a member who was a nominee of a

Nominator, the Trustee will provide a copy of the Dismissal Notice to the Nominator that nominated the dismissed member. The Trustee will then select a replacement for the dismissed member pursuant to the procedure described in section 9.01(3), except that the list of nominees provided by the Nominator shall not include the name of the dismissed member.

9.06 RESIGNATION OF ADVISORY BOARD MEMBER

- (1) Any member of the Advisory Board may resign at any time by giving at least 60 days written notice to the Trustee and to the other members of the Advisory Board. However, failure to give a copy to the Trustee or any other member of the Advisory Board will not invalidate the effect of the resignation notice.
- (2) A written notice of resignation shall be signed by the member who is resigning and shall specify the effective date of such resignation, which must be at least 60 days after the date of delivery of the notice.
- (3) On the resignation of any Advisory Board member who was a nominee of a Nominator, the Trustee will provide a copy of the resignation to the Nominator that nominated the resigning member. The Trustee will then select a replacement for the resigning member pursuant to the procedure described in section 9.01(3), except that the list of nominees provided by the Nominator shall not include the name of the resigning member.
 - (a) Such appointment will be made no later than the effective date of the resignation of the member who is resigning from the Advisory Board.
 - (b) If the effective date of the appointment of a replacement member is earlier than the effective date of the resignation of the member who is resigning, the effective date of such resignation shall automatically become the effective date of the appointment of the replacement member.
 - (c) The Trustee shall provide a copy of the appointment of the replacement member to the other members of the Advisory Board. However, any failure to give a copy of the appointment to any member of the Advisory Board will not invalidate the appointment.

PART 10 -- STEERING COMMITTEES

10.01 TRUSTEE POWER TO ESTABLISH STEERING COMMITTEES

- (1) The Trustee may establish one or more Steering Committees in respect of
 - (a) any Fund; and
 - (b) amounts that might be distributed from any Fund in respect of any geographical area (as determined by the Trustee) located within the Specified Area.
- (2) The Trustee may appoint and dismiss members from any Steering Committee at will.

10.02 POWER TO DELEGATE TO STEERING COMMITTEES

- (1) The Trustee may delegate all or any of the Trustee's powers to the members of a Steering Committee (acting as a board), but such delegation shall apply only in respect of
 - (a) distributions from the Fund identified by the Trustee in the document delegating such power; and
 - (b) the specific geographical area identified by the Trustee in the document delegating such power.
- (2) Notwithstanding any delegation of powers to a Steering Committee pursuant to section 10.02(1), the following principles apply.
 - (a) The Trustee shall be responsible for ensuring that no decision of the Steering Committee is inconsistent with the Trust Distribution Objectives.
 - (b) The Trustee may at any time revoke any delegation of powers.
 - (c) The Trustee may at any time refuse to confirm, and may override or revoke, any decision made by a Steering Committee.

10.03 TRUSTEE MAY ACT ON RECOMMENDATION OF A STEERING COMMITTEE

The Trustee may act on a recommendation made by a Steering Committee provided that the Trustee considers that the recommendation is not inconsistent with the Trust Distribution Objectives.

10.04 STEERING COMMITTEE GUIDELINES

- (1) The Trustee may establish guidelines for Steering Committees provided that such guidelines are not inconsistent with the Trust Distribution Objectives and are not inconsistent with any applicable guidelines established by the Advisory Board.
- (2) Each member of a Steering Committee shall comply with all guidelines established by the Trustee in respect of that Steering Committee.

10.05 LIMITED POWER TO REIMBURSE CERTAIN STEERING COMMITTEE EXPENSES

- (1) Subject to section 13.05, the Trustee has the power to reimburse members of a Steering Committee for the following expenses incurred in the course of carrying out functions as a member of the Steering Committee.
 - (a) Reasonable travel expenses, including automobile mileage allowances. However, any automobile mileage allowances are not to exceed the amounts prescribed for purposes of section 18(1)(r) of the Income Tax Act.
 - (b) Accommodation expenses.

- (2) The Trustee shall not use any part of the Trust Property to pay for any other expense incurred by a Steering Committee or by a member of a Steering Committee.

PART 11 – REQUIREMENT FOR FUNDING AGREEMENTS

11.01 FUNDING AGREEMENTS

- (1) When making a distribution out of any Fund to any Beneficiary at any time prior to the Termination Date, the Trustee shall enter into an agreement (hereinafter referred to as a “**Funding Agreement**”) with that Beneficiary containing terms and conditions acceptable to the Trustee.
- (2) In a Funding Agreement, the Trustee shall require that the Beneficiary comply with such terms and conditions as are considered advisable by the Trustee and as are not inconsistent with the Trust Distribution Objectives.
- (3) Without limiting the generality of section 11.01(2), each Funding Agreement shall include provisions that deal with at least the following matters.
- (a) The amount that is to be distributed to that Beneficiary and the time period over which that amount is to be distributed.
 - (b) The purpose for which the distribution is to be used and the intended outcomes for the use of that distribution.
 - (c) A list of any prohibited uses of the amount distributed.
 - (d) The factors that are to be taken into account when judging whether the use of the distributed amount has achieved the intended outcomes.
 - (e) Any applicable cost-sharing requirements.
 - (f) A requirement to comply with the Trust Distribution Objectives and any applicable details of how those requirements are to be enforced.
 - (g) If applicable, the structure, composition and mode of governance of the Beneficiary.
 - (h) A procedure for managing and administering the manner in which the amount distributed is used (including applicable procedures and budgets and the establishment of procedures to be followed by the Beneficiary in order to ensure that the use made can be audited or verified by a third party).
 - (i) A disbursement process defining all events that may result in the Trustee making payment of future distributions.
 - (j) Remedies for breach of the Funding Agreement, including provisions for the suspension or termination of any future distributions, steps that may be taken to

recover amounts that have been expended in violation of the Funding Agreement and any other remedies that may seem advisable to the Trustee.

- (k) A requirement to provide periodic written reports to the Trustee, in a format acceptable to the Trustee, describing the use made of the distribution (including detailed financial reports).
- (l) A requirement to provide financial statements, and whether those statements are to be audited or unaudited.
- (m) A requirement to segregate the distributed amount.

PART 12 -- SCOPE OF TRUSTEE DISCRETION

12.01 DISCRETIONARY POWERS VESTED IN TRUSTEE

- (1) This Declaration confers discretionary powers on the Trustee in order to permit flexibility from time to time in respect of matters relating to the Trust (including the distribution of income and capital of the Trust), subject only to the provisions of this Declaration (including the Trust Distribution Objectives).
- (2) The judgment and discretion of the Trustee is to govern in respect of the manner in which the Trustee exercises the powers and discretions conferred by this Declaration on the Trustee, subject only to the provisions of this Declaration (including the Trust Distribution Objectives).

12.02 FACTORS THAT ARE TO BE TAKEN INTO ACCOUNT BY THE TRUSTEE

- (1) When deciding whether to make any distribution to any Beneficiary, the Trustee shall be guided by the applicable Trust Distribution Objectives and shall take into account all factors that the Trustee considers relevant to the applicable Trust Distribution Objectives.
- (2) Without limiting the generality of section 12.02(1), the Trustee shall take into account the following factors.
 - (a) The manner in which the Beneficiary has used or not used any amounts previously distributed to that Beneficiary.
 - (b) The extent to which the Beneficiary's use of any amounts previously distributed to that Beneficiary has furthered or failed to further the applicable Trust Distribution Objectives.
 - (c) The extent to which the Beneficiary's use of any amounts previously distributed to that Beneficiary has been consistent or inconsistent with the applicable Distribution Objectives.
- (3) Without limiting the generality of section 12.02(1), the Trustee is specifically authorized to refuse to make a distribution to a Beneficiary on the basis of the manner in which the

Beneficiary has used or not used any amounts previously distributed to that Beneficiary.

12.03 EXCLUSION OF EVEN-HAND RULE

- (1) The following principles apply when the Trustee is considering whether to exercise any discretionary power.
 - (a) The Trustee need not maintain an even hand among Beneficiaries.
 - (b) The Trustee need not distribute equal amounts among Beneficiaries.
 - (c) The Trustee may exercise or refuse to exercise any power or discretion even though that decision may have the effect of conferring an advantage on any one Beneficiary, even if that advantage is conferred at the expense or to the detriment of any other Beneficiary.
 - (d) The exercise of a discretionary power in favor of a Beneficiary is to have no impact or relevance whatsoever when the Trustee is deciding whether to exercise any discretionary power in favor of any other Beneficiary.
 - (e) The primary consideration shall be the applicable Trust Distribution Objectives.
- (2) For purposes of this section 12.03, a reference to a Beneficiary includes a reference to any group of Beneficiaries in comparison to any other group of Beneficiaries, including Beneficiaries located within a Region in comparison to Beneficiaries located in some other Region.

12.04 BINDING NATURE OF DISCRETIONARY POWERS

Each and every exercise of any power or discretion by the Trustee shall be binding upon each Beneficiary and all other Entities and shall not be subject to question or review for any purpose by any person, official, authority, court, tribunal or other body or entity (including entities exercising administrative, judicial or quasi-judicial functions).

PART 13 -- ADMINISTRATION OF THE TRUST

13.01 GENERAL ADMINISTRATION PROVISIONS

- (1) The Trustee will have all the powers, rights and discretions set out in this Declaration.
- (2) The Trustee will hold the Trust Property during the Term upon the trusts set out in this Declaration and will collect, receive, hold, manage, accumulate, retain, distribute, invest, reinvest and generally deal with the Trust Property and income from the Trust as and to the extent permitted by this Declaration.

13.02 TRUSTEE REPORTING OBLIGATIONS TO PROVINCE

- (1) Within 60 days after the end of each fiscal year of the Trust, the Trustee must provide to

the Province a written report (hereinafter referred to as the “**Annual Report**”) in respect of that fiscal year.

- (2) Each Annual Report must include the following information.
 - (a) The aggregate amount distributed to Beneficiaries and a general description of the use made of those distributions.
 - (b) An assessment of the degree to which Beneficiaries have used distributions in conformity with the applicable Trust Distribution Objectives.
 - (c) An assessment of the extent to which distributions have fulfilled applicable Trust Distribution Objectives.
 - (d) A detailed breakdown of Administrative Expenses incurred in the fiscal year and the reason for incurring those expenses.
 - (e) The aggregate of all Administrative Expenses incurred since the establishment of the Trust.
 - (f) If the audit of the financial statements for the most recently-completed fiscal year has not been completed on the date that the Annual Report is submitted, the unaudited financial statements of the Trust for its most recently-completed fiscal year.
- (3) The Trustee must have an independent auditor audit the financial statements of the Trust for each fiscal year and shall provide a copy of the audited financial statements for the most recently-completed fiscal year to the Province with each Annual Report or as soon as possible after the submission of the Annual Report. For purposes of this section, an auditor shall not be considered independent in any of the following circumstances.
 - (a) The auditor or any affiliate of the auditor provides services to the individual holding the office of Trustee in any capacity other than such individual’s capacity as Trustee.
 - (b) The auditor does not hold a professional designation recognized by British Columbia law.
 - (c) The auditor does not deal at arm’s-length with the Trustee.

13.03 TRUSTEE REPORTING OBLIGATIONS TO ADVISORY BOARD

Within 15 days after the end of each fiscal quarter, the Trustee shall report to the Advisory Board regarding the progress made in respect of the achievement of the Trust Distribution Objectives and any other matter that may be relevant to the achievement of the Trust Distribution Objectives. Such reports will include reports on all Funds established under this Declaration.

13.04 REMUNERATION OF TRUSTEE

- (1) Subject to section 13.05, each individual holding the office of Trustee is entitled to be paid remuneration as set out in Schedule B of this Declaration for all time expended and all acts done in connection with the Trust. Schedule B is hereby incorporated in and made a part of this Declaration.
- (2) Subject to section 13.05, the Trustee is entitled to deduct and retain out of the Trust Property or the income of the Trust, as applicable, from time to time the amount of remuneration payable to the individual who is holding the office of Trustee.
- (3) The amount of any remuneration payable to the individual who is holding the office of Trustee may be reviewed by a court of competent jurisdiction at the request of any interested party and the decision of the court shall be final.
- (4) Subject to section 13.05, the Trustee may, at any time and from time to time, pay amounts to the individual who is holding the office of Trustee out of the Trust Property or the income of the Trust (as applicable) in reimbursement for all advances made to the Trust by such individual and for all expenses incurred by or on behalf of such individual in the administration of the Trust.

13.05 LIMITATION ON ADMINISTRATIVE EXPENSES

- (1) Notwithstanding any other provision of this Declaration, the aggregate Administrative Expenses of the Trust from the establishment of the Trust to any specific point in time are not to exceed the amount determined by the following formula.

$$C \text{ plus } (I \text{ minus } T)$$

In the above formula, and as of any specific point in time, the following variables have the following meanings.

- (a) C is equal to 3% of the aggregate of all amounts contributed to the Trust (including amounts contributed from the 2002 Trust) from the establishment of the Trust to that point in time.
 - (b) I is equal to the aggregate amount of income of the Trust from the establishment of the Trust to that point in time, as calculated for purposes of the Income Tax Act.
 - (c) T is equal to the aggregate amount of income tax payable by the Trust in respect of the income included in variable I.
- (2) An expenditure (other than the payment of income tax) is an **Administrative Expense** if the expenditure does not constitute a distribution from a Fund of the Trust or a transfer referred to in section 5.02, section 14.05 or section 15.07. Without limiting the generality of the foregoing, Administrative Expenses include remuneration paid to the Trustee, reimbursed expenses of members of the Advisory Board and all Steering Committees and

amounts paid to third parties for services rendered to the Trustee.

- (3) Subject to the aggregate limitation set out in section 13.05(1), the Trustee has the power to incur Administrative Expenses and to pay Administrative Expenses.
- (4) The Trustee has the power to allocate all expenditures of the Trust among the various Funds of the Trust in the manner that the Trustee considers reasonable.

PART 14 -- THE OFFICE OF TRUSTEE

14.01 NUMBER OF INDIVIDUALS HOLDING THE OFFICE OF TRUSTEE

- (1) There shall at all times during the Term be at least one individual holding the office of Trustee but there need not be more than one such individual.
- (2) The office of Trustee shall not be held by any Entity other than an individual.

14.02 RESIGNATION OF INDIVIDUAL HOLDING THE OFFICE OF TRUSTEE

- (1) Any individual holding the office of Trustee may resign such office at any time by giving at least 60 days written notice to the Province with a copy of such notice to the members of the Advisory Board. However, failure to give a copy to any Advisory Board member will not invalidate the effect of the resignation notice.
- (2) A written notice of resignation shall be signed by the individual resigning as Trustee and shall specify the effective date of such resignation, which must be at least 60 days after the date of delivery of the notice.
- (3) On the resignation of any individual holding the office of Trustee, the Province shall appoint a replacement Trustee by Supplementary Declaration.
 - (a) Such appointment will be made no later than the effective date of the resignation of the individual who is resigning from the office of Trustee.
 - (b) If the effective date of the appointment of a replacement Trustee is earlier than the effective date of the resignation of the individual who is resigning from the office of Trustee, the effective date of such resignation shall automatically become the effective date of the appointment of the replacement Trustee.
 - (c) The Province shall provide a copy of such written instrument to the incumbent members of the Advisory Board. However, failure to give a copy of such written instrument to any Advisory Board member will not invalidate the appointment set out in that written instrument.

14.03 DEEMED RESIGNATION OF INDIVIDUAL HOLDING THE OFFICE OF TRUSTEE

- (1) An individual holding the office of Trustee will be deemed to have resigned as Trustee at the time that is immediately prior to the occurrence of any of the following events.

- (a) The death of that individual.
 - (b) The insolvency of that individual.
 - (c) The commission of an act of bankruptcy by that individual.
 - (d) That individual becomes incapacitated.
 - (e) The termination of the status of the individual as a resident of Canada for purposes of the Income Tax Act.
- (2) In the case of a deemed resignation as set out in section 14.03(1), the Province shall appoint a replacement Trustee by Supplementary Declaration as soon as possible after the deemed resignation. The Province shall provide a copy of such Supplementary Declaration to the incumbent members of the Advisory Board. However, failure to give a copy of such Supplementary Declaration to any Advisory Board member will not invalidate the appointment set out in that Supplementary Declaration.

14.04 DISMISSAL OF INDIVIDUAL HOLDING THE OFFICE OF TRUSTEE

- (1) The Province may at any time dismiss any individual holding the office of Trustee from such office, whether with or without cause.
- (2) The Province may exercise the dismissal power referred to in section 14.04(1) only in the following manner.
- (a) Any dismissal effected pursuant to section 14.04(1) may be effected only on the recommendation of the Advisory Board. However, the Province need not effect a dismissal that has been so recommended but may instead elect to not dismiss the individual then holding the office of Trustee.
 - (b) The Province must deliver a written notice (hereinafter referred to as the “**Trustee Replacement Notice**”) to the individual then holding the office of Trustee.
 - (c) The effective date of the dismissal must be no earlier than 60 days after the date of delivery of the Trustee Replacement Notice to the individual then holding the office of Trustee.
- (3) The Province will provide a copy of the Trustee Replacement Notice to each member of the Advisory Board that is then in existence. However, failure to give a copy of the Trustee Replacement Notice to any Advisory Board member will not invalidate the effectiveness of the Trustee Replacement Notice.
- (4) If the Province dismisses a individual holding the office of Trustee pursuant to section 14.04(1), the Province shall appoint a replacement Trustee by Supplementary Declaration.
- (a) Such appointment will be made no later than the effective date of the dismissal of

the individual who is being dismissed from the office of Trustee.

- (b) If the effective date of the appointment of a replacement Trustee is earlier than the effective date of the dismissal of the individual who is being dismissed from the office of Trustee, the effective date of such dismissal shall automatically become the effective date of the appointment of the replacement Trustee.
- (c) The Province shall provide a copy of such Supplementary Declaration to the incumbent members of the Advisory Board. However, failure to give a copy of such Supplementary Declaration to any Advisory Board member will not invalidate the appointment set out in that Supplementary Declaration.

14.05 TRANSMISSION OF TRUST PROPERTY

- (1) If a individual holding the office of Trustee ceases to hold that office for any reason, the following rules apply.
 - (a) All right, title and interest in and to all Trust Property will thereupon vest in the individual appointed as the replacement Trustee.
 - (b) The individual who has ceased to act as Trustee will transfer and deliver all Trust Property then held by him or in his possession to the replacement Trustee.
 - (c) Upon such transfer and delivery being made, the individual who has ceased to act as Trustee shall be discharged of all duties and obligations imposed on the Trustee, other than the duty to account for all matters under or arising out of such person's trusteeship. Such discharge shall be effective even though the successor to that individual is not a corporation.
- (2) If a new individual is appointed as Trustee, such new individual shall sign an instrument accepting all the duties and obligations of the office of Trustee. Effective on the effective date of such instrument, such new individual will
 - (a) be deemed to have assumed all the duties and obligations attendant on the office of Trustee hereunder; and
 - (b) be deemed to have accepted all the terms of the Trust; and
 - (c) have all the rights, interests, powers, authorities and discretions conferred upon the Trustee; and
 - (d) be vested with all right, title and interest in and to all Trust Property.
- (3) Any statutory power or right relating to the appointment or removal of a person holding the office of Trustee shall apply subject only to any provisions to the contrary in this Declaration.

PART 15 -- POWERS OF THE TRUSTEE

15.01 GENERAL STATEMENT OF TRUSTEE POWERS

The provisions of this Part grant specific powers to the Trustee. The granting of those specific powers, however, does not derogate in any way from any powers conferred upon the Trustee by statute or by common law. The Trustee will have all additional powers that may now or hereafter be conferred on a person acting in the role of trustee by law or that may be necessary to enable the Trustee to administer and manage the Trust and to invest the Trust Property in accordance with the provisions of this Declaration, subject only to such limitations as may be expressly provided in this Declaration.

15.02 POWER TO OPERATE BANK ACCOUNTS

- (1) The Trustee may open and maintain one or more savings, chequing, current or deposit accounts (hereinafter in this section referred to as a “**Bank Account**”) with any bank, credit union, trust company, loan corporation or other financial institution (whether a corporation, partnership, association, firm or other entity) empowered to accept money for deposit.
- (2) The Trustee may deposit to the credit of any Bank Account all or any portion of the funds for the time being forming part of the Trust Property.
- (3) The Trustee may authorize withdrawals from any Bank Account by cheque or other instrument executed by such one or more Entities as the Trustee may from time to time authorize.

15.03 POWER TO GRANT POWERS OF ATTORNEY

- (1) The Trustee may grant a power of attorney to any Entity for the purpose of authorizing that Entity to transact business or other affairs on behalf of the Trustee.
- (2) Any power of attorney granted pursuant to this section must be revocable.

15.04 POWER TO INVEST TRUST PROPERTY

- (1) The Trustee may invest and reinvest all or any portion of the Trust Property in any investment that is listed in Schedule C to this Declaration, which schedule is hereby incorporated in and made part of this Declaration.
- (2) The Trustee may pay and discharge from and out of the Trust Property and income therefrom such proper and reasonable brokerage and other proper and reasonable expenses as the Trustee, in the sole, absolute and unfettered discretion of the Trustee, may consider necessary or advisable in connection with the investment and reinvestment from time to time of the Trust Property and the disposition of all or any part or parts of the Trust Property.

15.05 POWER TO DEMAND INFORMATION

- (1) When deciding whether to make any distribution to any Beneficiary, the Trustee shall request such information as the Trustee considers necessary or desirable in order to allow the Trustee to decide whether, to what extent and in what manner to make any such distribution. If the Trustee is not satisfied with the nature or extent of any information provided to the Trustee, or if the Trustee has not received the requested information, the Trustee is specifically authorized to refuse to exercise its discretion in favour of that Beneficiary.
- (2) The Trustee may appoint such Entity as the Trustee considers appropriate to monitor a Beneficiary's compliance with the terms and conditions of any distribution and may consider any recommendations made by any such Entity when considering any further distributions to that Beneficiary.

15.06 POWER TO ESTABLISH PROCEDURES

The Trustee has the power to request that Beneficiaries apply to the Trustee for a distribution of funds and to establish procedures for Beneficiaries to follow when making such application.

15.07 POWER TO ESTABLISH NEW TRUST

- (1) The Trustee may create one or more new trusts and transfer some or all of the Trust Property to such new trust, provided that such new trust meets all the following criteria.
 - (a) If the new trust were a beneficiary of this Trust, the Trustee would be able to distribute the transferred property to that new trust in accordance with the provisions of this Declaration (except that Part 6 shall not apply in respect of any distribution to a new trust).
 - (b) The terms and conditions of the new trust are not inconsistent with the Trust Distribution Objectives.
- (2) The Trustee may contribute all or any portion of the Trust Property to any such new trust even if the effect of the creation of the new trust and the contribution of Trust Property to the new trust is to exclude any one or more Beneficiaries from enjoying all of any part of the Trust Property.

15.08 POWER TO RETAIN ADVISERS

- (1) The Trustee may, in the discharge of the Trustee's duties hereunder, do the following.
 - (a) Retain, employ or otherwise engage any lawyer, accountant, financial adviser, investment adviser, valuator, surveyor, broker, auctioneer or any other adviser (hereinafter in this section 15.08 referred to as an "**Adviser**"), even if the Adviser is then an individual who holds the office of Trustee hereunder or is a corporation controlled by such an individual.

- (b) Subject to section 13.05, determine the terms of engagement applicable in respect of any Adviser engaged by the Trustee (including the compensation payable to that Adviser) and pay any compensation payable in accordance with those terms.
 - (c) Act in accordance with any opinion, advice or direction given by any Adviser.
- (2) If an individual holding the office of Trustee is a chartered accountant, certified general accountant, lawyer or any other class of professional engaged in a profession governed by a statute of the province of British Columbia, the Trust may be charged and shall pay all the usual professional fees and charges (including disbursements) for all work and business done and all time spent by
- (a) the firm or any partner of such individual; or
 - (b) a corporation controlled by such individual;
- in relation to the Trust in the same manner as if the individual holding the office of Trustee were not holding the office of Trustee. This provision is subject to section 13.05.
- (3) Section 15.08(2) shall apply to matters which might or should have been attended to in person by a trustee who is not a chartered accountant, certified general accountant, lawyer or other professional person but which such trustee might reasonably require to be done by such a professional person.
- (4) The Trustee shall not be responsible for any loss or damage that results from the Trustee acting in accordance with any opinion, advice or direction given by any Adviser, provided that the Trustee acted reasonably in relying on such opinion, advice or direction. The Trustee shall be deemed to have acted reasonably in relying on any opinion, advice or direction given by an Adviser if that Adviser has a reasonable degree of competence in the field in respect of which such opinion, advice or direction has been given.

15.09 POWER IN RESPECT OF TAXES

- (1) The Trustee may pay, out of the Trust Property or the income therefrom, all or any portion of any Tax that may be attributable to the Trust Property or to any income (as the concept of income is understood for the purposes of such Tax) in respect of the Trust Property.
- (2) The Trustee may withhold from allocation, or allocate, as between any one or more of the Beneficiaries to the exclusion of the other or others of them, any or all amounts that may be relevant for the purpose of any Tax. Any such allocations may be made in such manner and in such proportions as the Trustee shall from time to time determine. Without limiting the generality of the foregoing, an amount relevant for the purpose of any Tax includes credits, allowances, income, capital gains, taxable capital gains, any actual, notional or deemed amount and the geographic or notional source from which any such amount emanates or from which it is considered or deemed to emanate.
- (3) The Trustee may, on behalf of the Trust, do any one or more of the following.

- (a) File any Tax or information returns.
 - (b) Make any elections, designations or determinations required or permitted to be made by trustees under the Income Tax Act.
 - (c) Execute all documents and do all things as may be required to give effect to any such elections, designations or determinations.
- (4) The Trustee may indemnify any Beneficiary against any and all liability for any Tax incurred by that Beneficiary by virtue of any election, designation or determination made by the Trustee (whether or not the Beneficiary concurred in the making of such election, designation or determination).
- (5) When paying or distributing any Trust Property to or for the benefit of any Beneficiary, the Trustee may compensate that Beneficiary for any Tax that may become payable in future by that Beneficiary in respect that property (even if such future Tax is merely a contingent or a potential liability). Without limiting the generality of the foregoing, the Trustee may compensate for any Tax that may become payable in respect of any accrued but unrealized capital gain or any potential recapture of capital cost allowance claimed in respect of the property at any time in the past.
- (6) Unless the Trustee specifically determines otherwise in writing, no election, designation or determination made for Tax purposes, and no indemnification made in respect of any Tax payable by any Beneficiary, and no combination of any of the foregoing, shall
- (a) derogate from, or be viewed as the exercise of, any discretionary power granted to the Trustee in respect of the payment or distribution of capital or income of the Trust, or
 - (b) be deemed to be a payment, distribution or vesting of capital or income of the Trust to or for the benefit of any specific Beneficiary.
- (7) The Trustee shall account for any expenses (other than the payment of any income tax) incurred in accordance with this section as Administrative Expenses subject to section 13.05.
- (8) The Trustee may withhold a reasonable reserve from any distribution or other transfer of Trust Property pending receipt of any clearance or other certificate from any tax authority.

15.10 POWER TO CHARACTERIZE DISTRIBUTIONS

- (1) When making any payment or distribution of income or capital to or for the benefit of any Beneficiary, the Trustee may determine the source of such income or capital and may designate that the income or capital so paid or distributed is deemed to have come from that source (as if the Beneficiary had earned the income or capital directly).
- (2) Without limiting the generality of subsection 15.10(1), the Trustee may determine and designate as follows.

- (a) That all or any portion of any specific dividend received by the Trust has been paid or distributed to a specific Beneficiary and not to any other Beneficiary.
- (b) That all or any portion of any specific interest income earned, accrued, received or otherwise realized by the Trust has been paid or distributed to a specific Beneficiary and not to any other Beneficiary.

15.11 POWER TO ACCEPT ADDITIONAL CONTRIBUTIONS

- (1) The Trustee may accept a contribution of any property as an addition to the Trust Property provided that, and to the extent that, the contribution does not include any terms or conditions that are inconsistent with the terms and conditions of this Declaration (including the Trust Distribution Objectives).
- (2) When accepting a contribution of property as an addition to the Trust Property, the Trustee may assume such liabilities and commitments (whether actual or contingent) as the Trustee considers advisable. Without limiting the generality of the foregoing, the Trustee may accept contributions of property from the 2002 Trust and may agree that the Trust will be considered to be a continuation of the 2002 Trust in respect of any liabilities and commitments of the 2002 Trust.

15.12 SEVERABLE NATURE OF POWERS

Each power and authority conferred on the Trustee is severable. If any power or authority is found at any time to be invalid, illegal or unenforceable for any reason, the following rules will apply.

- (a) The invalid, illegal or unenforceable power or authority will be severed and deleted from this Declaration.
- (b) The validity, legality and enforceability of the remaining powers and authorities set out in this Declaration will not be affected or impaired in any way.

This Declaration shall thenceforth be construed and enforced as if the invalid, illegal or unenforceable power or authority had never been included in this Declaration.

PART 16 -- LIABILITY OF THE TRUSTEE

16.01 POWER TO LIMIT LIABILITY

The Trustee will be entitled to limit the liability of the Trustee (including any individual holding the office of Trustee) in respect of any contract, agreement, transaction or event in such a way that the only recourse for any breach or other cause of action will be against the Trust Property.

16.02 GOOD FAITH EXONERATES TRUSTEE

- (1) An individual holding the office of Trustee will bear no liability of any kind whatsoever

in respect of any act or omission of that individual provided that the individual performs the duties of the office of Trustee in good faith.

- (2) A individual holding the office of Trustee will be deemed not to have acted in good faith if the individual is guilty of fraud or gross negligence in performing the duties of the office of Trustee.
- (3) Without limiting the generality of this section, no individual holding the office of Trustee shall be liable for any of the following if the individual has performed the duties of the office of Trustee in good faith.
 - (a) Any loss to the Trust Property.
 - (b) Any diminution in value of the Trust Property.
 - (c) Any loss caused by any inopportune investment, even if the investment was the result of poor judgement on the part of the Trustee.
 - (d) Any act or failure to act, including any exercise or any failure or refusal to exercise any power, right, authority or discretion granted to the Trustee.
- (4) All Entities claiming any beneficial interest in the Trust shall be deemed to take with notice of and subject to the provisions of this section.

16.03 NO REQUIREMENT TO FURNISH BOND

- (1) No individual holding the office of Trustee shall be required to provide any bond in respect of the performance of the duties of Trustee.
- (2) If any law or any court of competent jurisdiction requires any individual holding the office of Trustee to post a bond, no surety is to be required in connection with such bond.

PART 17 -- INTERPRETATION AND GENERAL PROVISIONS

17.01 DEFINITIONS

For all purposes, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings.

- (a) “2002 Trust” has the meaning assigned in the introductory portion of this Declaration, under the heading “Background”.
- (b) “2002 Trust Advisory Board” has the meaning assigned in the introductory portion of this Declaration, under the heading “Background”.
- (c) “2002 Trust Deed” has the meaning assigned in the introductory portion of this Declaration, under the heading “Background”.

- (d) “2002 Trustee” has the meaning assigned on page 1 of this Declaration.
- (e) “Additional Contributory Funding” has the meaning assigned by section 6.01(1)(b).
- (f) “Administrative Expense” has the meaning assigned by section 13.05(2).
- (g) “Adviser” has the meaning assigned by section 15.08(1)(a).
- (h) “Advisory Board” means the Advisory Board of this Trust, as established under section 9.01.
- (i) “Allocated Amount” has the meaning assigned by section 2.04(1).
- (j) “Alternate Chair” has the meaning assigned by section 9.02(3).
- (k) “Annual Report” has the meaning assigned by section 13.02(1).
- (l) “Band” means a band as defined in the *Indian Act* (Canada) or any successor statute.
- (m) “Bank Account” has the meaning assigned by section 15.02(1).
- (n) “Beneficiaries”, at any time and from time to time and in respect of any Fund, means the Entities identified in this Declaration (including any Supplementary Declaration) as the beneficiaries of that Fund in respect of that time.
- (o) “Beneficiary” means any one of the Beneficiaries.
- (p) “Community Fund” means the Fund described in Part 3.
- (q) “Community Objectives” has the meaning assigned by section 3.03.
- (r) “Contractor” has the meaning assigned by section 4.02(1)(b), subject to any modifications made pursuant to section 4.02(2).
- (s) “Contributory Funding” meaning assigned by section 6.01(1).
- (t) “Declaration”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Declaration of Trust together with all Supplementary Declarations and other deeds and writings which modify, supplement or implement the provisions of this Declaration of Trust or which are ancillary to the provisions of this Declaration of Trust.
- (u) “Dismissal Notice” has the meaning assigned by section 9.05(2).
- (v) “EBM” has the meaning assigned by section 4.01(a).
- (w) “EBM Fund” means the Fund described in Part 4.

- (x) “EBM Objectives” has the meaning assigned by section 4.03.
- (y) “Entity” is to be given a very broad meaning and includes an individual, a corporation, a partnership, an association, a club, a Municipality, a Regional District and a Band.
- (z) “For-Profit Enterprise” has the meaning assigned by section 7.01(1).
- (aa) “Fund” means the Community Fund, the EBM Fund and any other separate Fund established pursuant to section 2.02.
- (bb) “Fund Guideline” means a guideline established in respect of a Fund, as provided for in this Declaration (including section 9.03(1) and section 2.02(2)(c)).
- (cc) “Funding Agreement” has the meaning assigned by section 11.01(1).
- (dd) “Income” has the meaning assigned by section 17.03(1).
- (ee) “Income Tax Act” means any applicable income tax legislation imposed in respect of any income of the Trust, as such income tax legislation may exist or be amended from time to time. As of the date of the creation of this Trust, the applicable income tax legislation is the *Income Tax Act* of Canada and the *Income Tax Act* of British Columbia.
- (ff) “Initial Contributory Funding” has the meaning assigned by section 6.01(1)(a).
- (gg) “Initial Property” means the property described as such in section 1.01(1)(a).
- (hh) “Initial Trustee” has the meaning assigned by section 1.01(3).
- (ii) “Matching Fund” means one of the following Funds of the Trust.
 - (i) The Community Fund.
 - (ii) The EBM Fund.
 - (iii) Any other Fund, unless the Trustee has, pursuant to section 2.02(2)(e), declared that such other Fund is not a Matching Fund.
- (jj) “Municipality” has the meaning assigned by section 3.01(1)(a).
- (kk) “Nominator”, in respect of an initial member of the Advisory Board, has the meaning set out in section 9.01(2) and, in respect of successor members of the Advisory Board, means the nominator of that successor member (as identified pursuant to the procedure set out in section 9.01(3)).
- (ll) “Province” has the meaning assigned in the introductory portion of this Declaration, under the heading “Background”, as represented by the Integrated

Land Management Bureau of the Province of British Columbia or such other successor bureau, ministry or department as is specified by the last representative.

- (mm) “Public Benefit Fund” means any one of the following Funds of the Trust.
 - (i) The Community Fund.
 - (ii) Any other Fund that is not the EBM Fund, unless the Trustee has, pursuant to section 2.02(2)(f), declared that such other Fund is not a Public Benefit Fund.
- (nn) “Realisation Year” has the meaning assigned by section 17.03(3).
- (oo) “Region” and “Regions” have the respective meanings assigned by section 3.02(1)(a).
- (pp) “Regional District” has the meaning assigned by section 3.01(1)(b).
- (qq) “Settlement Matching Contribution” has the meaning assigned in the introductory portion of this Declaration, under the heading “Background”.
- (rr) “Specified Area” has the meaning assigned by section 3.01(1)(c).
- (ss) “Specified Period” has the meaning assigned by section 4.01(b).
- (tt) “Supplementary Declaration” means a declaration supplementing this Declaration and made pursuant to this Declaration, as more fully described in section 17.02.
- (uu) “Steering Committee” means any one of the committees established pursuant to section 10.01(1).
- (vv) “Tax” includes all forms of taxes, charges and duties (whether or not expressly called a tax) together with any interest or penalties that may be payable in addition to the tax, wherever and however levied or made payable. Without limiting the generality of the foregoing, the term includes any income tax, capital gains tax, gift tax, property tax, transfer tax, sales tax, customs duty, commodity tax, estate tax, inheritance tax, succession duty, probate tax, probate fee and any other governmental charge in the nature of a tax.
- (ww) “Term”, in relation to the Trust, has the meaning assigned by section 1.05(1).
- (xx) “Termination Date” has the meaning assigned by section 1.05(2).
- (yy) “Trust” means the new trusts on which the Trustee holds the Trust Property pursuant to this Declaration and, where the context so requires, this Declaration itself or the Trust Property.
- (zz) “Trust Distribution Objectives” has the meaning assigned by section 5.01(2)(a).

- (aaa) “Trust Property” at any time and from time to time means the aggregate of the following property, less any amounts and property that has been previously distributed to Beneficiaries or expended in administering the Trust.
 - (i) The Initial Property and the Settlement Matching Contribution.
 - (ii) Any and all amounts and property of any nature or kind whatsoever transferred to or acquired by the Trustee from time to time and accepted by the Trustee as, or declared by the Trustee to be, Trust Property.
 - (iii) Any and all amounts and property of any nature or kind whatsoever which from time to time replace or are substituted for all or any portion of the property referred to in subparagraphs (i) and (ii) of this definition.
 - (iv) All income and capital gains of the Trust.
- (bbb) “Trustee”, at any time and from time to time, means the individual or (collectively) the individuals (as the case may be) who holds or hold (as the case may be) the Trust Property at that time upon the trusts set out in this Declaration, whether the Initial Trustee or any other individual or individuals.
- (ccc) “Trustee Replacement Notice” has the meaning assigned by section 14.04(2)(b).
- (ddd) “Worker” has the meaning assigned by section 4.02(1)(a), subject to any modifications made pursuant to section 4.02(2).

17.02 SUPPLEMENTARY DECLARATIONS

- (1) This Declaration provides for the making of one or more Supplementary Declarations modifying or supplementing the provisions of this Declaration.
- (2) Each Supplementary Declaration is to be signed by the person making the Supplementary Declaration and, if such Supplementary Declaration requires the approval of the Advisory Board, by a representative of the Advisory Board.
- (3) The original of each Supplementary Declaration shall be kept with the original of this Declaration and shall be considered as a supplement to this Declaration. However, the loss of the original of any Supplementary Declaration shall not render that Supplementary Declaration ineffective.
- (4) A Supplementary Declaration need not be under seal or in the form of a deed.
- (5) Unless a Supplementary Declaration is declared to be irrevocable, a Supplementary Declaration is subject to modification or revocation by a subsequent Supplementary Declaration made pursuant to this Declaration.
- (6) Unless a provision of this Deed explicitly requires that a Supplementary Declaration be approved by the Advisory Board, a Supplementary Declaration need not be approved by

the Advisory Board.

17.03 INCOME OF THE TRUST

- (1) “Income” of the Trust or “income” from the Trust Property in respect of any fiscal period of the Trust means the income of the trust as determined for purposes of the Income Tax Act.
- (2) Any amount that is not income of the Trust shall be considered to be capital of the Trust.
- (3) Income realized in any calendar year (hereinafter in this section referred to as the “**Realisation Year**”), to the extent that such income has not been Distributed to, or declared payable to, a Beneficiary as of the end of such Realisation Year, shall automatically be added to and become part of the capital of the Trust as of February 1 in the calendar year following the Realisation Year and shall (subject to section 2.04, be treated as capital of the Fund that generated that income.
- (4) The Trustee may accumulate or retain all or any portion of the income of the Trust.

17.04 GENDER AND NUMBER REFERENCES

Unless the context requires otherwise, the following rules of construction shall apply to the interpretation of this Declaration.

- (a) Words denoting the singular may be construed as denoting the plural, and vice-versa.
- (b) Pronouns and other words denoting a specific gender may be construed as also denoting any other gender, whether masculine, feminine or neuter.

17.05 HEADINGS

The headings set out in this Declaration are included solely for convenience of reference. The headings are to have no significance whatsoever in the interpretation of this Declaration or of any provision of this Declaration.

17.06 LIMITATIONS ON ACTIONS OF BENEFICIARY

No Beneficiary will be entitled to

- (a) compel the realisation of any property or investment not producing income or growth; or
- (b) require the investment of any part of the Trust Property in property or investments of any kind which will produce income or growth or any specific rate of income or growth.

17.07 NOTICES

- (1) A notice may be given to any Entity in any of the following ways.
 - (a) By personally delivering it to that Entity and securing written acknowledgement of such delivery.
 - (b) By delivering it to that Entity through a courier service and retaining evidence of delivery.
 - (c) By sending it via certified mail, postage prepaid and addressed to the last known address of that Entity.
 - (d) By serving it on that Entity through a process server.
- (2) Any notice that is delivered or served shall be effective on the date of delivery or service, as the case may be. Any notice that is mailed shall be effective on the fifth day after the date of mailing.
- (3) If any Entity knows or ought to know of any difficulties with the mail system that is likely to delay the receipt of any notice that is mailed, that Entity will deliver any notice rather than mailing it.
- (4) Any notice to be given to an incapacitated individual shall be given to a legal representative of that incapacitated individual.
- (5) A notice may be given to an Entity that is not a natural person by giving that notice to any director, officer or other representative of that Entity.

17.08 SEVERABILITY

Each provision of this Declaration is severable. If any provision of this Declaration is found at any time to be invalid, illegal or unenforceable for any reason, the following rules will apply.

- (a) The invalid, illegal or unenforceable provision will be severed and deleted from this Declaration.
- (b) The validity, legality and enforceability of the remaining provisions of this Declaration will not be affected or impaired in any way.
- (c) This Declaration shall thenceforth be construed and enforced as if the invalid, illegal or unenforceable provision had never been included in this Declaration.

17.09 LAW GOVERNING THE TRUST

The formal validity of the Trust and the interpretation of this Declaration will be governed by the laws of the province of British Columbia.

BY SIGNING BELOW, Eric van Soeren (in his capacity as the 2002 Trustee and in his capacity as the Initial Trustee) acknowledges that this Declaration sets out the terms of the trusts on which the Initial Trustee holds the Trust Property in trust for the Beneficiaries.

SIGNED, SEALED AND DELIVERED BY
Eric van Soeren (in his capacity as the 2002
Trustee and in his capacity as the Initial
Trustee) in the presence of the following
person.




Signature of Witness

ED SOEREN

Print name of Witness

8336 110 ST. DELTA, B.C.

Print Address of Witness



Eric van Soeren (s)

Eric van Soeren

**SCHEDULE A TO THE DECLARATION OF TRUST
ESTABLISHING THE COAST SUSTAINABILITY TRUST II**

MAPS SHOWING THE SPECIFIED AREA

The Specified Area consists of the areas shown inside the boundaries on the attached maps.

Central Coast LRMP Region



Ministry of Sustainable Resource Management Decision Support Services

Prepared for:
Resource Management Division

Legend

- Lakes and Wide Rivers
- Existing Protected Areas
- Rivers
- LRMP Boundary



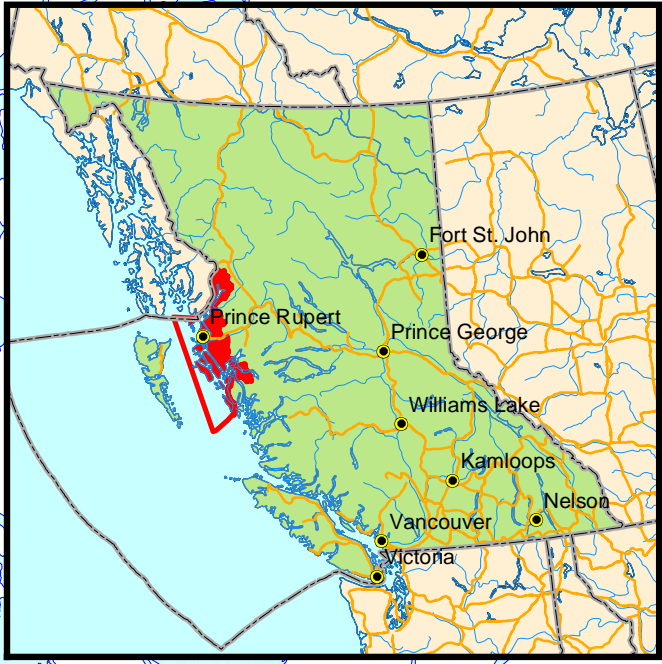
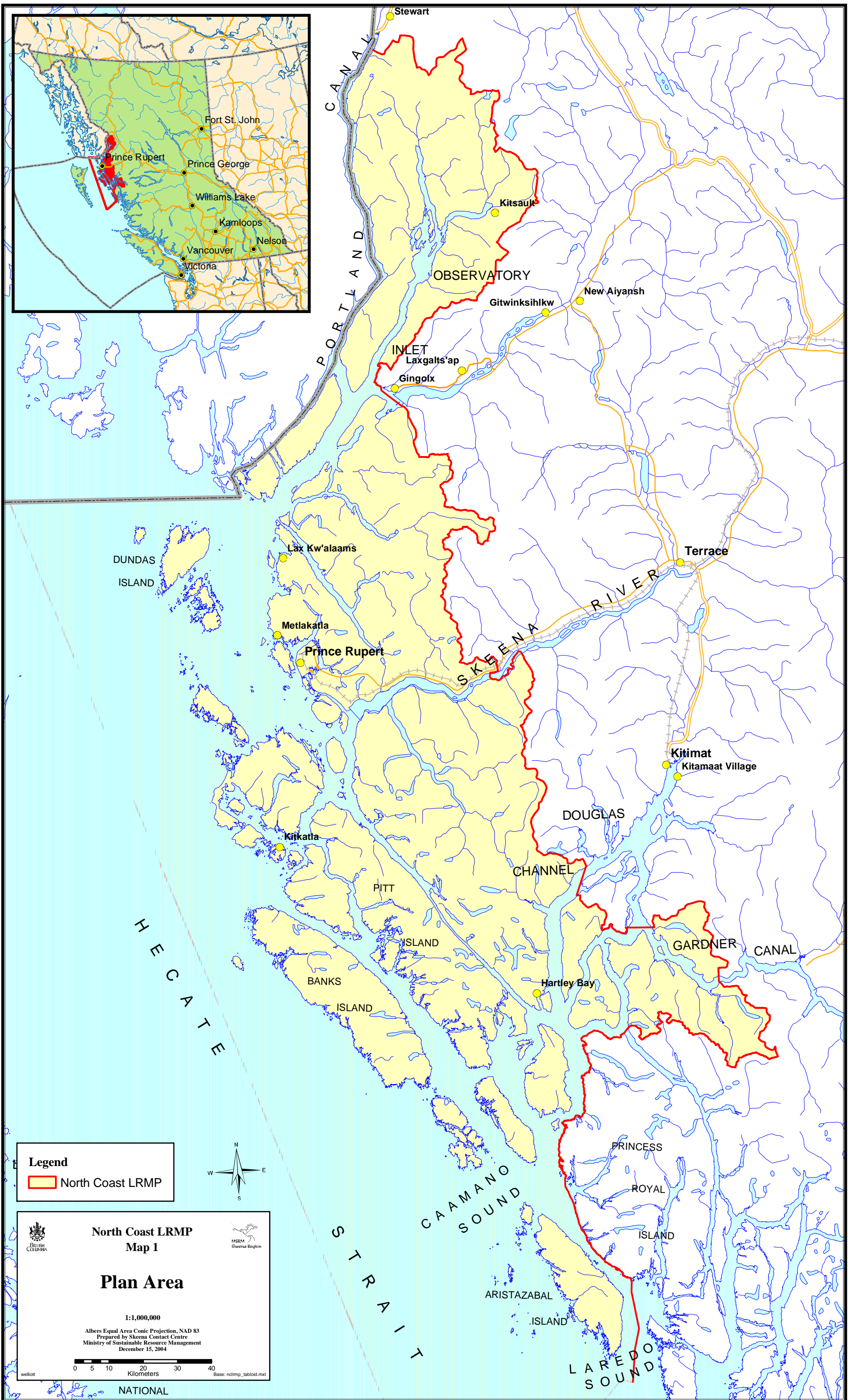
Projection Albers Equal Area Conic Datum NAD83

Data Source(s):

1:250,000 MSRM Base Information



Created By: CO
Date: March 28, 2002
Pathname: /data_requests/cc.map
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Legend
 North Coast LRMP

North Coast LRMP
Map 1
Plan Area

1:1,000,000
 Albers Equal Area Conic Projection, NAD 83
 Prepared by Skeena Contact Centre
 Ministry of Sustainable Resource Management
 December 15, 2004

0 5 10 20 30 40
 Kilometers

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NATIONAL

