

**MEMBERS' AGREEMENT
(First Amendment and Restatement)**

**CAPITAL REGION EMERGENCY SERVICES TELECOMMUNICATIONS
(CREST)
INCORPORATED**

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Schedule B – Agreement to be Bound

Schedule C – Cost Sharing Formula for Company Services

Schedule D – List of Shareholders

Schedule E – List of Members

MEMBERS' AGREEMENT
(First Amendment and Restatement)

This amended and restated Members' Agreement is made effective _____,
200____.

AMONG:

All Members of the Company from time to time

AND:

Capital Region Emergency Service Telecommunications
(CREST) Incorporated, a company duly incorporated under the
laws of the Province of British Columbia

(the "**Company**")

WHEREAS:

- A. The Company was incorporated under the *Company Act* (British Columbia) for the Purpose (as hereinafter defined);
- B. The Shareholders entered into a Members' Agreement dated April 1, 2001, as amended, (the "**Original Agreement**") to govern their relationship as Members and Shareholders and their respective rights and obligations in their capacity as Members and Shareholders with respect to the operating activities and business dealings of the Company;
- C. As a result of the recognition of the Company under the *Business Corporations Act* and to reflect the current status of the Shareholders, the parties wish to make certain amendments to the Original Agreement; and
- D. The parties wish to enter into this Agreement to amend and restate the terms of the Original Agreement:

NOW THEREFORE in consideration of the mutual covenants herein contained and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto), the parties to this Agreement covenant and agree, each with the other, as follows:

1. INTERPRETATION

1.1 DEFINITIONS

Where used in this Agreement, the following words and terms shall have the meanings indicated below:

- 1.1.1 “**Additional Purpose**” has the meaning set forth in Section 2.1.1.2 hereof;
- 1.1.2 “**Agreement**” means this agreement and all Schedules attached hereto;
- 1.1.3 “**Articles**” means the articles of the Company as deposited in the Company’s records office under the *Business Corporations Act*, as amended from time to time;
- 1.1.4 “**Authorized Board Expenditure Amount**” means expenditures that total, in the aggregate for a fiscal year of the Company, less than (i) \$400,000 or (ii) such higher amount approved by the Members pursuant to Section 2.4.6 hereof;
- 1.1.5 “**Authorized Capital Budget**” means, at any time, the annual capital budget of the Company for such time that has received all necessary approvals under Section 6.4.2 hereof;
- 1.1.6 “**Authorized Operating Budget**” means, at any time, the annual operating budget of the Company for such time that has received all necessary approvals under Section 6.3.2 hereof;
- 1.1.7 “**BCAS**” means the Emergency Health Services Commission responsible for operating the British Columbia Ambulance Service under the *Health Emergency Act* (British Columbia);
- 1.1.8 “**Board**” means the board of directors of the Company as constituted from time to time;
- 1.1.9 “**Business Corporations Act**” means the *Business Corporations Act* (British Columbia) as from time to time enacted and all amendments thereto and includes the regulations made pursuant thereto;
- 1.1.10 “**Company Services**” means the holding, management and allocation of radio spectra; the provision of radio communications; the management and maintenance of radio systems and related infrastructure and equipment; the provision of emergency disaster communications; the provision of emergency response communications; the provision of emergency management information systems; and the maintenance of management information systems and other technology related to the delivery of emergency services, and any other services permitted by the ECC Act from time to time;
- 1.1.11 “**Confidential Information**” means information having a strategic, economic, or operational value that is not generally known regarding the business, affairs, and operations of the Company or any of the Members whether determined by the ECC Act or otherwise to be property of a Member, and any information whether oral, written or otherwise which is considered of a strategic or confidential nature or which may be withheld from disclosure under applicable privacy laws;

- 1.1.12 “**Contracted User**” means a Person that is not a Member or Potential Member and that enters into a Services Agreement with the Company, for so long as that agreement remains in effect;
- 1.1.13 “**Cost Sharing Formula**” means the cost sharing formula for Company Services set out in Schedule C attached hereto, as amended or replaced from time to time in the manner permitted by this Agreement;
- 1.1.14 “**CRD**” means the Capital Regional District;
- 1.1.15 “**CREST System**” means the wide area radio system operated by the Company, including all rights, properties, infrastructure and equipment related thereto;
- 1.1.16 “**ECC Act**” means the *Emergency Communications Corporations Act* (British Columbia) as from time to time enacted and all amendments thereto and includes the regulations made pursuant thereto;
- 1.1.17 “**Emergency Services Agency**” has the same meaning as set out in the ECC Act;
- 1.1.18 “**Federal Government**” means Her Majesty the Queen in Right of Canada;
- 1.1.19 “**Fund Balance**” means the balance of surplus accumulated from operations by the Company at any particular time that is unrestricted as to its future use;
- 1.1.20 “**General Manager**” means the general manager appointed for the Company from time to time;
- 1.1.21 “**Government Agency**” means an agent of, or a corporation that is wholly owned by, the Provincial Government, the Federal Government, a Municipality or a Regional District;
- 1.1.22 “**Inflation Rate**” means the increase in the Consumer Price Index - All Items for the City of Victoria, British Columbia during the preceding 12-month period ending on September 30 of the applicable year;
- 1.1.23 “**Local Government Act**” means the *Local Government Act* (British Columbia) as from time to time enacted and all amendments thereto and includes the regulations made pursuant thereto;
- 1.1.24 “**Members**” means, collectively, the Shareholders, the RCMP and any Potential Member that becomes a Member in accordance with Section 3.3, for as long as such Shareholder, the RCMP or Potential Member that becomes a Member holds Shares in the Company or as long as its Special User Agreement remains in effect, as applicable, with the current Members on the date of this Agreement as set out in Schedule E hereto;
- 1.1.25 “**Municipality**” means a municipality established pursuant to the *Local Government Act* within the Territory;

- 1.1.26 “**Notice of Articles**” means the notice of articles of the Company as filed with the Registrar of Companies under the *Business Corporations Act*, as amended from time to time;
- 1.1.27 “**Person**” includes a corporation, partnership, party, Municipality, Regional District, Emergency Services Agency, Government Agency, Provincial Government and Federal Government;
- 1.1.28 “**Policing Agreements**” means the agreements between the Federal Government and the Provincial Government pursuant to which the services of the RCMP are provided to Municipalities and areas of provincial jurisdiction;
- 1.1.29 “**Potential Members**” means any Municipality, Regional District or Emergency Services Agency within the Territory, the Provincial Government, the Federal Government and any Government Agency;
- 1.1.30 “**Primary Purpose**” has the meaning set forth in Section 2.1.1.1 hereof;
- 1.1.31 “**Provincial Government**” means Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister responsible for the *Police Act* (British Columbia);
- 1.1.32 “**Purpose**” means the Additional Purpose and the Primary Purpose as set forth in Section 2.1 hereof;
- 1.1.33 “**Rates**” means the rates assessed by the Company against the Members and payable by them under this Agreement for operating expenses and capital expenditures relating to the Company and the Company Services, as determined pursuant to the Cost Sharing Formula then in effect;
- 1.1.34 “**RCMP**” means Royal Canadian Mounted Police;
- 1.1.35 “**Regional District**” means a regional district under the *Local Government Act*;
- 1.1.36 “**Reserve Fund**” means the amount accumulated and designated for transfer to operations to fund expenditures not provided for in an Authorized Operating Budget or Authorized Capital Budget;
- 1.1.37 “**Services Agreement**” means an agreement between the Company and one or more Contracted Users by which the Company agrees to provide some or all of the Company Services, as such agreement is amended or replaced from time to time;
- 1.1.38 “**Shareholder**” means those Persons who hold Shares of the Company from time to time, as recorded in the Company’s minute book, with the current Shareholders on the date of this Agreement as set out in Schedule D hereto;

1.1.39 “**Special User Agreement**” means an agreement between a federal Government Agency, including the RCMP, and the Company, as amended from time to time; and

1.1.40 “**Territory**” means the geographic area within which a Company Service is or is capable of being provided by the CREST System to a Member or to any Person contracting with the Company at a particular point in time.

1.2 QUANTITY AND GENDER

In this Agreement, the singular number shall include the plural number and vice versa, and any gender herein used shall be deemed to include the feminine, masculine, or neuter gender.

1.3 HEADINGS AND CAPTIONS

The headings and captions of articles, sections, and paragraphs in this Agreement have been inserted for convenience of reference only and such headings and captions are not a part hereof and shall not be deemed in any manner to modify, explain, enlarge, or restrict any of the provisions hereof.

1.4 SEVERABILITY

If any provision of this Agreement shall be held invalid, illegal, or unenforceable in any jurisdiction, such provision shall be severed from this Agreement in such jurisdiction and the validity, legality, and enforceability of the remaining provisions hereof shall not be affected or impaired thereby.

1.5 ACCOUNTING TERMINOLOGY AND PRINCIPLES

All accounting terms not specifically defined herein shall be construed in accordance with the Handbooks of the Canadian Institute of Chartered Accountants and its Public Sector Accounting Board (PSAB) as appropriate, and financial reporting shall be in accordance with Canadian generally accepted accounting principles (GAAP).

1.6 RECITALS AND SCHEDULES

The recitals set forth in this Agreement are true and correct and are deemed to be a part of this Agreement and the Schedules identified below (and any other supplementary schedules, appendices, or exhibits referred to in such Schedules) are hereby incorporated by reference and made a part of this Agreement as fully as if they were set forth in full. The Schedules are identified as follows:

Schedule A – Articles of the Company

Schedule B – Agreement to be Bound

Schedule C – Cost Sharing Formula for Company Services

Schedule D – List of Shareholders

Schedule E – List of Members

2. THE COMPANY

2.1 PURPOSE OF THE COMPANY

2.1.1 The Company has been incorporated for, and will be operated for the following:

2.1.1.1 the provision of emergency communications and related services to its Members (the “**Primary Purpose**”); and

2.1.1.2

(a) the provision of communication and related services, for public safety and public service, to Municipalities, Regional Districts, Emergency Services Agencies, the Provincial Government, the Federal Government, Governmental Agencies, BCAS and the RCMP, whether or not they are Members; and

(b) any other purpose prescribed by regulation under the ECC Act for the Company from time to time;

(collectively, the “**Additional Purpose**”), all in the interests of civic improvement and for the benefit of the public residing within the Territory.

2.1.2 Pursuant to the Purpose, the Company shall provide Company Services to its Members; provide related administrative and technical services; own, hold or lease and manage any property and equipment forming part of the CREST System; and provide technical and other related services and expertise of the Company to other persons.

2.2 ARTICLES OF THE COMPANY

The Articles of the Company are in the form appended as Schedule A hereto.

2.3 SHARE STRUCTURE

The share capital of the Company consists of 500 common shares without par value.

2.4 VOTES BY MEMBERS ON EXTRAORDINARY ITEMS

In addition to any approvals required by the Shareholders pursuant to the *Business Corporations Act* or the Articles, the Company shall not undertake any of the following without the prior approval of at least two-thirds of the Members:

2.4.1 the winding up or dissolution of the Company under Article 9 hereof;

2.4.2 the admission of Members and the allotment of Shares to such Members;

- 2.4.3 any amendment to Section 4.2 hereof relating to the nomination or election of directors;
- 2.4.4 any amendment to the Purpose;
- 2.4.5 the approval of:
 - 2.4.5.1 any annual operating budget for the Company under Section 6.3.2 hereof or any annual capital budget for the Company under Section 6.4.2 hereof; or
 - 2.4.5.2 any amendment to an Authorized Operating Budget under Section 6.3.3 hereof or any amendment to an Authorized Capital Budget under Section 6.4.3 hereof,that will increase the total Rates charged to Members by more than two times the Inflation Rate from those charged in the previous year's Authorized Operating Budget or Authorized Capital Budget, as applicable;
- 2.4.6 any increase in the Authorized Board Expenditure Amount;
- 2.4.7 any expenditure that is not provided for in an Authorized Operating Budget or an Authorized Capital Budget and that exceeds the Authorized Board Expenditure Amount;
- 2.4.8 the approval of all contracts for services to be provided to the Company that require payments thereunder for any fiscal year of the Company that exceed the Authorized Board Expenditure Amount;
- 2.4.9 any transfer to operations from Fund Balance or the Reserve Fund that exceeds the Authorized Board Expenditure Amount;
- 2.4.10 any borrowings of the Company that exceed the Authorized Board Expenditure Amount; and
- 2.4.11 any amendment to the Cost Sharing Formula, provided that such two-thirds approval must include the affirmative vote of those Members who would be obligated to pay not less than 50% of the costs of Company Services in accordance with the amended Cost Sharing Formula.

2.5 ACQUISITION OF AND HOLDING OF SPECTRA

- 2.5.1 Subject to the applicable federal legislation, a Member hereby assigns or transfers to the Company or consents to the assignment or transfer to the Company of all licences and authorities for radio spectra held by the Member that are related to the Company Services which the Company provides to the Member, such assignment or transfer to be effective at such time as required by the Company.

2.5.2 The Company hereby declares that it holds or will hold all radio spectra acquired by it, whether as acquired as contemplated in Section 2.5.1 hereof or otherwise, to be used for the benefit of Members and other Persons as contemplated herein.

2.5.3 If the Company is to be dissolved for any reason, the Company will use its best efforts at its own expense to restore to each Member, licences and authorities for radio spectra comparable to those assigned to or transferred to the Company by each Member, subject to applicable federal legislation.

2.6 USE OF RADIO SPECTRA

The Board may establish rules and regulations for the use of the radio spectra held by the Company.

2.7 OWNERSHIP OF EQUIPMENT

The Members acknowledge that all equipment forming part of the CREST System shall be owned by the Company including all equipment assigned for the exclusive use by a particular Member, and that the Board may establish rules for the use and holding of such equipment.

2.8 AGREEMENT NOT TO USE PROPERTY

Each Member that is a Municipality or a Regional District hereby agrees that in the event of an emergency, disaster or other similar occurrence within its jurisdiction, it will not use any powers or authorities which it may have, by statute or otherwise, to acquire and use, in any manner other than as specifically set forth in this Agreement, any of the property and assets of the Company.

3. SHAREHOLDERS, MEMBERS, ADDITIONAL MEMBERS AND CONTRACTED USERS

3.1 CURRENT SHAREHOLDERS

The Shareholders as at the date of this Agreement are listed in Schedule D hereto.

3.2 CURRENT MEMBERS

The Members as at the date of this Agreement are listed in Schedule E hereto.

3.3 ADDITIONAL MEMBERS

3.3.1 The Board may issue one or more shares of the Company (each, a “**Share**”) to a Potential Member, if the Board determines that the Potential Member has a role in fulfilling the Purpose and that the provision of the Company Services to that Potential Member would be for the benefit of the public, provided that:

3.3.1.1 the CREST System and the Company have sufficient capacity to provide the Company Services to the Potential Member without any significant impairment to the Company Services then being provided to the Members;

3.3.1.2 the Potential Member enters into and agrees to be bound by the terms of this Agreement by execution of an agreement substantially in the form of Schedule B hereto; and

3.3.1.3 the Potential Member pays the applicable subscription price for such Share,

and upon the issue of Share hereunder, that Potential Member shall become a Member and a Shareholder.

3.3.2 The Board may admit a Potential Member that is a federal Government Agency as a Member if that Potential Member is prohibited by law from holding a Share and if the Board determines that the Potential Member has a role in fulfilling the Purpose and that the provision of the Company Services to that Potential Member would be for the benefit of the public, provided that:

3.3.2.1 the CREST System and the Company have sufficient capacity to provide the Company Services to the Potential Member without any significant impairment to the Company Services then being provided to the Members; and

3.3.2.2 the Potential Member enters into and agrees to be bound by the terms of this Agreement by execution of a Special User Agreement in a form acceptable to the Company,

and upon the execution of the Special User Agreement by both the Potential Member and the Company, that Potential Member shall become a Member.

3.3.3 All Shares shall be issued at a price of \$10.00 each.

3.3.4 If a Member that executed a Special User Agreement subsequently becomes a Shareholder under Section 3.3.1, then that Special User Agreement shall terminate effective upon the date that the Member becomes a Shareholder, and that Member hereby agrees to execute and deliver all documents necessary or desirable in the opinion of the Company in order to give effect to such termination.

3.4 EFFECT OF BEING A MEMBER

Upon a Member acquiring a Share or executing a Special User Agreement, that Member shall have agreed to use the Company for the Company Services and to fulfill its financial obligations with respect to those Company Services, when those Company Services can be provided by the Company.

3.5 CONTRACTED USERS

Subject to Sections 4.10.9 and 4.11.3 hereof, the Company may enter into a Services Agreement with one or more Contracted Users if:

- 3.5.1 the Contracted User(s) has a role in fulfilling the Purpose;
- 3.5.2 the provision of the Company Service or Services to that Contracted User(s) would be for the benefit of the public; and
- 3.5.3 the Board determines that the Company has sufficient capacity to provide the Company Service(s) being requested by the Contracted User(s) without any significant impairment to the Company Services then being provided to Members, and anticipated to be provided to Members during the term of the Services Agreement.

At a minimum, the Services Agreement should provide for full recovery of any incremental costs incurred by the Company in providing the Contracted Service(s).

4. BOARD OF DIRECTORS

4.1 COMPOSITION OF BOARD

The Company shall have a Board comprised of not less than three nor more than twenty-five directors, with the actual number of directors as determined by the Shareholders as hereinafter provided.

4.2 NOMINATION AND ELECTION OF DIRECTORS

- 4.2.1 Each Member on the date of this Agreement shall be entitled to nominate as a director one individual for each share in the Company held by it, provided that:

- 4.2.1.1 the CRD must nominate one individual to represent each of:

- (a) Southern Gulf Islands Electoral Area,
 - (b) Salt Spring Island Electoral Area, and
 - (c) Juan de Fuca Electoral Area;

- 4.2.1.2 the individual nominated as a director by BC Transit from time to time must be approved by the Provincial Government; and

- 4.2.1.3 the individual nominated as a director by the RCMP or by the Government Agency on behalf of the RCMP, as applicable, from time to time must be approved by the Police Service Branch of the Provincial Government.

4.2.2 No Potential Member that becomes a Member after the date of this Agreement shall have the right under this Agreement to nominate an individual for election as a director, except as otherwise authorized by the Board.

4.2.3 The Shareholders agree to vote their Shares to elect as directors the individuals nominated pursuant to Sections 4.2.1 and 4.2.2.

4.3 VACANCIES ON BOARD

Any vacancies on the Board created by an individual nominated under Section 4.2.1 shall be filled by an individual nominated by the Member that nominated the individual who is no longer a director.

4.4 NO RESTRICTIONS ON AFFILIATION TO MEMBERS

Directors may be appointed or elected officials from a Member or may be individuals with no affiliation to a Member.

4.5 REMUNERATION FOR DIRECTORS

Directors shall be entitled to fees for acting as a director of the Company, as determined in an Authorized Operating Budget. All directors may be paid reasonable expenses thereof incurred when acting as directors.

4.6 QUORUM AT DIRECTORS' MEETINGS

The quorum for all meetings of the Board shall consist of a majority of the directors. Meetings of the Board shall be held in accordance with the Articles of the Company and as herein provided.

4.7 EXECUTIVE MEMBER OF THE BOARD

The General Manager of the Company shall be an executive member of the Board and as such shall be entitled to be present at all meetings of the Board and to take part in all discussions at meetings of the Board but shall not have any right to vote at any such meeting. The Secretary of the Company shall send notice of all meetings of the Board to such executive member, including all materials provided to the directors, at the same time and in the same manner as notice is provided to such directors.

4.8 REMOVAL OF DIRECTOR

The Members shall not otherwise vote to remove a director unless the Member that nominated such director agrees to such director's removal.

4.9 MEETINGS OF THE BOARD

4.9.1 At least four meetings of the Board shall be held in each calendar year, such meetings to be held on a quarterly basis. Meetings of the Board may also be

called by the Chair of the Board, by the Chair's initiative or if requested by the General Manager. If the General Manager shall request in writing to the Chair of the Board that a meeting of the Board be called, the Chair shall convene a meeting of the Board to be called and held within one month or such other period as is reasonably practicable, of such request; provided however that if such meeting is of a material or emergency nature, the Chair shall convene the meeting of the Board within two weeks of such request.

- 4.9.2 The Chair of the Board shall have a second or casting vote at any meetings of the Board or of the Members.
- 4.9.3 The Secretary of the Company shall give each director and the General Manager, at least 7 days notice of each meeting of the Board and a reasonable description of the matters to be discussed at such meeting, except that failure to receive notice or adequate notice shall not invalidate the proceedings of any meeting if each director gives to the Company, before or after the meeting, a signed waiver of such notice. Notwithstanding the foregoing, notice of any meeting may be waived by consent in writing of all directors.
- 4.9.4 Except as provided in this Section or otherwise by applicable law, all meetings of the Board shall be open to the public. Matters of a confidential nature will be considered by the Board in a separate, closed, or *in camera*, meeting. Any director, including the Chair, will have the right to bring a motion for the Board to consider a matter at an *in camera* meeting.

4.10 BOARD DUTIES

The Board will, subject to the terms of this Agreement, supervise the general management of the business and affairs of the Company to ensure compliance with the Purpose and otherwise, with the authority to overview the general management of the Company, and supervise and give direction to the General Manager in accordance with the Articles, the *Business Corporations Act*, the ECC Act and this Agreement. Notwithstanding the generality of the foregoing, the Board shall be responsible for the following:

- 4.10.1 the appointment of the General Manager and the approval of the contract of employment for the General Manager, including terms and conditions of employment, provided that any contract shall provide for earlier termination by the Board and shall be renewable at the discretion of the Board;
- 4.10.2 the establishment of the duties and authority of the General Manager;
- 4.10.3 subject to Section 2.4.5 hereof, as applicable, the approval of the Authorized Operating Budget, as provided in Section 6.3;
- 4.10.4 subject to Section 2.4.5 hereof, as applicable, the approval of the Authorized Capital Budget, as provided in Section 6.4;

- 4.10.5 subject to Section 2.4 hereof, as applicable, the approval of any transfer to operations from the Fund Balance or the Reserve Fund;
- 4.10.6 the approval of the establishment of a base number of permanent positions within the Company and any increase to that base number of permanent positions thereafter;
- 4.10.7 subject to Section 2.4.5 hereof, as applicable, the establishment of Rates substantially in accordance with the Cost Sharing Formula;
- 4.10.8 the determination and approval of all long term operating and capital plans and related borrowings of the Company;
- 4.10.9 the approval of all Services Agreements and in this regard the Board shall consider the Purpose and shall comply with the requirements of Sections 3.5 and 4.11.3 hereof; and
- 4.10.10 the approval of the unaudited quarterly financial statements received pursuant to Section 6.2.1 hereof and the audited annual financial statements received pursuant to Section 6.2.2 hereof.

4.11 APPROVALS BY THE BOARD

All decisions taken by the Board shall be deemed to have been approved only if passed by the affirmative vote of a majority of the directors present at the meeting of the Board, except for the following matters which shall be deemed to have been approved only if passed by the affirmative vote of not less than two-thirds of the directors present at the meeting:

- 4.11.1 the issuance of any Shares;
- 4.11.2 the entering into, amendment or termination of any Special User Agreement; and
- 4.11.3 the entering into, amendment or termination of any Services Agreement.

4.12 REFERRAL TO MEMBERS

- 4.12.1 Notwithstanding the terms of Section 4.11 hereof but subject to Section 4.12.4 hereof, if a majority of the directors present at a meeting determine that a matter should be presented to the Members for their approval and determination, such directors may, if they give notice in writing (the “**Notice**”) to the General Manager within two business days after the meeting of directors in which that matter was discussed and voted upon, require that the matter to be presented to the Members at a general meeting called for that purpose.
- 4.12.2 The General Manager shall upon receipt of the Notice advise the Chair of the Board and all directors of the receipt of the Notice and shall forthwith, within two

business days, call a meeting of the Members, such meeting to be held not more than one month after the giving of notice thereof.

4.12.3 If any matter referred to Members pursuant to Section 4.12.1 hereof is not approved by the Members at that meeting, that matter may not again be referred to Members pursuant to the provisions of this Section 4.12 hereof.

4.12.4 No matter that has been submitted to the Members for approval pursuant to Section 2.4 hereof shall be referred to the Members under Section 4.12.1 hereof during the same fiscal year of the Company without the approval of at least two-thirds of the directors present at the meeting at which the referral of that matter is considered.

4.13 REPORTING BY DIRECTORS

A director who is elected pursuant to Section 4.2.1 hereof shall not be subject to any restriction imposed by the Company with respect to any reporting on matters conducted at meetings of the Board to the Member that nominated that director.

5. MANAGEMENT OF THE COMPANY

5.1 OFFICERS

The Company may have such officers as determined by the Board and will have at least four officers including a Chair of the Board, a Vice-Chair of the Board, the General Manager and a Secretary.

5.2 SPECIFIC DUTIES OF OFFICERS

5.2.1 The Chair of the Board, if present, shall chair meetings of the Board and of the Members. The Chair of the Board shall be a member of the Board and shall be elected by the Directors.

5.2.2 The Vice-Chair of Board shall be vested with all the powers and shall perform all the duties of the Chair of the Board in the absence or inability or refusal to act of the Chair. The Vice-Chair shall have such other powers and shall perform such other duties as may from time to time be assigned by the Board. The Vice-Chair of the Board shall be a member of the Board and shall be elected by the Directors.

5.2.3 The General Manager shall be the general manager of the Company. Subject to the general supervision and direction of the Board, the General Manager shall be responsible for the general supervision, management and control of the operations of the Company on a day-to-day basis. The General Manager shall, in fulfilling such duties, operate within the Purpose to provide the Company Services.

5.2.4 Within the constraints of the Authorized Budget and the Authorized Capital Budget, and subject to any determination of the Board or the Members, the

General Manager shall implement the decisions as so determined. Notwithstanding the generality of the foregoing, the General Manager will:

5.2.4.1 manage the operations of the Company to meet the requirements of the users within the Purpose;

5.2.4.2 be responsible for the hiring and termination of staff for the Company;

5.2.4.3 prepare and submit an annual operating budget and a capital budget for the approval by the Board or Members, as the case may be;

5.2.4.4 prepare and deliver following approval of the Board, an annual report to the Members and to the Minister under the ECC Act within the time as required thereunder;

5.2.4.5 request proposals for delivery of services to the Company, analyze such proposals and submit recommendations on such proposals to the Board for approval, if such approval is required;

5.2.4.6 ensure proper record keeping of books and records for the Company as required by law or by the Board; and

5.2.4.7 monitor compliance with the Articles, the *Business Corporations Act*, the ECC Act and the Agreement by the Members, the Board and the officers.

The General Manager shall report to the Board, and will be an executive member of the Board as set forth in Section 4.7 hereof.

5.2.5 The Secretary shall prepare the agenda for all meetings of the Members and the Board and shall draw up minutes of such meetings and shall be responsible for the safekeeping of the books and records of the Company.

5.3 VACANCY OF OFFICE

Any vacancy of office caused by the resignation, removal, death or incapacity of an officer shall be filled by appointment of the Board.

5.4 SIGNING AUTHORITY

The authorized signing officers of the Company in respect of legal documents or any bank or other financial institution or the opening of any corporate bank accounts shall be as determined by the Board.

5.5 AUDITORS

The Members shall appoint the auditors of the Company from time to time.

5.6 FINANCIAL YEAR END

Until changed by an ordinary resolution of the Shareholders, the financial year-end of the Company shall be December 31.

6. FINANCIAL MATTERS AND RECORDS

6.1 BOOKS AND RECORDS

The Company shall keep books of account and records in accordance with Canadian generally accepted accounting principles and furnish to each Member copies of such accounting reports and financial statements as herein provided.

6.2 FINANCIAL STATEMENTS

The General Manager shall cause to be delivered to each member of the Board and to the Members the following financial statements, prepared in accordance with Canadian generally accepted accounting principles:

- 6.2.1 as soon as available and in any event, within 30 days after the end of each quarter of each fiscal year, an unaudited balance sheet of the Company as of the end of such quarter, the statements of financial activities and fund balances for the quarter then ended and, if applicable, the six-month period or nine-month period of such fiscal year then ended, with projections to year-end compared to the Authorized Operating Budget and Authorized Capital Budget; and
- 6.2.2 as soon as available and in any event, within 120 days after the end of each fiscal year, the audited balance sheet of the Company as of the end of such fiscal year and the statements of financial activities and fund balances and changes in financial position for the fiscal year then ended, all accompanied by an opinion of the Company's auditors.

6.3 AUTHORIZED OPERATING BUDGET

- 6.3.1 Prior to the beginning of each fiscal year and in sufficient time to permit the implementation thereof, the General Manager shall submit to the Board for its review and approval, a proposed annual operating budget for such fiscal year which will show the revenues and expenses for the day to day operations of the Company and the Rates to be charged to Members for the year.
- 6.3.2 The proposed annual operating budget for a fiscal year shall be approved by the Board following the steps in Section 6.3.1 hereof, prior to the commencement of that fiscal year, in any case with such amendments or variations thereto as the Board shall deem appropriate and approve, provided that:
 - 6.3.1.1 the Board shall recognize the Purpose; and

6.3.1.2 no annual operating budget that requires approval by the Members under Section 2.4.5 hereof will be an Authorized Operating Budget until such approval has been obtained.

6.3.3 Subject to Section 2.4.5, the Board may amend an Authorized Operating Budget from time to time.

6.4 AUTHORIZED CAPITAL BUDGET

6.4.1 Prior to the beginning of each fiscal year and in sufficient time to permit the implementation thereof, the General Manager shall submit to the Board for its review and approval, a proposed annual capital budget for such fiscal year which will provide for all capital expenditures to be made for the Company for that year and any long term capital plans or proposed capital expenditures and borrowings for any subsequent years.

6.4.2 The proposed annual capital budget for a fiscal year shall be approved by the Board following the steps in Section 6.4.1 hereof, prior to the commencement of that fiscal year, in any case with such amendments or variations thereto as the Board shall deem appropriate and approve, provided that:

6.4.1.1 the Board shall recognize the Purpose; and

6.4.1.2 no annual capital budget that requires approval by the Members under Section 2.4.5 hereof will be an Authorized Capital Budget until such approval has been obtained.

6.4.2 Subject to Section 2.4.5, the Board may amend an Authorized Capital Budget from time to time.

7. FUNDING BY MEMBERS

7.1 RATES FOR COMPANY SERVICES

The Members hereby agree that the Rates to be assessed by the Company for Company Services against the Members and payable by the Members for Company Services shall be established by the Board substantially in accordance with the Cost Sharing Formula and that no amendment will be made to the Cost Sharing Formula except in the manner provided in Section 2.4.11 hereof.

7.2 OBLIGATION TO PAY

7.2.1 Each Member hereby agrees to pay all Rates assessed and charged to it by the Company. Rates shall be payable quarterly in advance upon invoicing by the Company.

- 7.2.2 Notwithstanding the foregoing, it is understood that the Provincial Government will not pay any amounts except as billed directly by the RCMP for Company Services for all services provided under the Policing Agreements.
- 7.2.3 If a Municipality that is a Member receives its policing services through the RCMP pursuant to a Policing Agreement, then such Member hereby acknowledges that the RCMP may be assessed Rates by the Company to cover Company Services as part of the policing services provided to that Municipality, and that Member agrees to pay to the RCMP all amounts charged by the RCMP in respect of that Municipality.

7.3 APPROPRIATION FOR PROVINCIAL GOVERNMENT

Any obligation of the Provincial Government to pay money under this Agreement is subject to an appropriation being available in the fiscal year of the Provincial Government during which the payment becomes due.

8. RESTRICTIONS ON MEMBERS' TRANSFERS

8.1 RESTRICTIONS ON TRANSFER OF SHARES

- 8.1.1 Each of the Members agrees that it will not sell, transfer, assign, mortgage, pledge, charge, hypothecate, encumber, alienate or otherwise dispose of, create a security interest in, grant an option on, or cease to be the holder of any Shares of the Company, or any right or interest therein at any time now or hereinafter held or owned by or for them (any one of such actions being herein called a "transfer"), except that if a Municipality is amalgamating with another Municipality, then the Shares of the amalgamating Municipalities will be cancelled and one new Share will be issued in the name of the new amalgamated Municipality, upon that new Municipality executing an agreement substantially in the form of Schedule B hereto, or except as otherwise approved by the Board.
- 8.1.2 Any actual, attempted or purported transfer by any Member of all or any part of its Share that does not comply with the provisions of this Agreement shall be void and of no effect.

9. WINDING UP OR DISSOLUTION

9.1 WINDING UP OR DISSOLUTION

If alternate sources are available for all of the services equivalent to the Company Services then being provided to the Members, and if adequate provision is made for the payment of all outstanding debts and liabilities of the Company and the consent of any major lenders to such winding up or dissolution is obtained, if such consent is required under the terms of any lending agreement with the Company, then the Shareholders may resolve under Section 2.4.1 hereof to wind up or dissolve the Company and to dispose of the property, equipment and assets of the Company as provided in this Agreement.

9.2 DISPOSITION OF PROPERTY

In the event of a winding up or dissolution of the Company pursuant to Section 9.1 hereof, the property, equipment and assets owned and leased by the Company shall be disposed of in the following manner and the Members shall vote to dispose of the property, equipment and assets in the following manner.

- 9.2.1 all property, equipment or assets owned or leased by the Company and assigned for the exclusive use of any one Member (the “**Purchasing Party**”) may be purchased from the Company by the Purchasing Party at the fair market value thereof. The General Manager, with the assistance of consultants or otherwise, shall establish a fair market value to such property, equipment or assets and shall advise the Purchasing Party, by written notice, of the fair market value as established. The Purchasing Party may within ten days of receipt of that notice from the General Manager, dispute the fair market value by notice in writing to the General Manager, in which event within five days of that written notice the General Manager and the Purchasing Party shall agree to appoint a valuator, knowledgeable in the valuation of the property, assets or equipment being purchased, to establish the fair market value. The determination of the valuator, which shall be made within 20 days of the appointment of the valuator, will be final and binding on the Company and the Purchasing Party. The costs of any valuation will be borne by the Purchasing Party and the Company, jointly. Any payment made by a Member hereunder shall be applied by the Company to reduce the debt incurred to purchase that equipment;
- 9.2.2 all property, assets and equipment owned or leased by the Company and not purchased under Section 9.2.1 hereof shall be offered by the General Manager, in blocks as determined by the General Manager, to all Shareholders and to all other Members that have executed a Special User Agreement, pursuant to an auction. The General Manager shall have full authority to establish the rules for and operate any such auction;
- 9.2.3 any property, equipment and assets owned or leased by the Company and not disposed for pursuant to Section 9.2.1 or 9.2.2 hereof may be sold or disposed of by the General Manager or such other person as determined by the General Manager; and
- 9.2.4 with regard to the licences and authorities for radio spectra assigned to or transferred to the Company by the Members, Section 2.5.3 hereof shall apply.

9.3 DISTRIBUTION OF MONIES

All monies realized by the Company on the disposition pursuant to Section 9.2 hereof shall:

- 9.3.1 firstly, be used to satisfy all debts and liabilities of the Company; and

9.3.2 secondly, be used to satisfy the requirement under Section 2.5.3 hereof to employ best efforts with regard to restoration of licences and authorities for radio spectra; and

9.3.3 thirdly, be distributed in the manner provided in Article 24.3 of the Articles.

10. WITHDRAWAL BY ANY MEMBER

10.1 WITHDRAWAL BY ANY ONE MEMBER

Any Member may cease to be a Member of the Company by giving prior written notice (the “**Notice**”) of its desire to cease to be a Member, in which event:

10.1.1 the date (the “**Withdrawal Date**”) on which such Member ceases to be a Member (the “**Withdrawing Member**”) shall be the end of the year next following the year in which the Notice is received by the Company;

10.1.2 the Withdrawing Member shall be obligated to pay to the Withdrawal Date, as a Rate, as requested by the Company, the Withdrawing Member’s proportionate share of any long-term capital obligations, including any lease obligations, or repayments thereof committed to by the Company up to the Withdrawal Date;

10.1.3 upon receipt by the Company of the payment required in Section 10.1.2 hereof, the Company will transfer to the Withdrawing Member all user equipment used by that Member that has been paid for by that Member; and

10.1.4 upon receipt by the Company of the payment required in Section 10.1.2 hereof, the Withdrawing Member shall surrender the Share held by it for cancellation and that Member shall cease to be a Member as at the effective date of cancellation.

10.2 SPECTRA ON WITHDRAWAL

Any radio spectra held by the Company at the time of withdrawal shall not be available for use by a Withdrawing Member. However, the Company will use its best efforts at its own expense to restore to a withdrawing Member licences and authorities for radio spectra comparable to those assigned to or transferred to the Company by that withdrawing Member, subject to applicable federal legislation.

11. TERMINATION

11.1 TERMINATION

This Agreement shall terminate upon:

11.1.1 the completion of the winding-up or dissolution of the Company; or

11.1.2 the agreement of all Members, provided that the Members shall not be permitted to agree to terminate the Agreement unless all debts and liabilities of the Company have been provided for and unless permitted under the ECC Act.

12. CONFIDENTIALITY

12.1 NON-DISCLOSURE OF CONFIDENTIAL INFORMATION

The Members acknowledge the provisions of Section 9 of the ECC Act and in particular Subsection 9(4) of the *ECC Act*. The obligations of the Members and the Company under this Article 12 are subject to the applicable provisions of the ECC Act and the *Freedom of Information and Protection of Privacy Act* (British Columbia). The Members shall, and shall ensure that all of their respective officials and employees shall, hold all Confidential Information of any kind or nature acquired in their course of dealing with the Company and with each other in their capacity as Members in confidence and shall use such Confidential Information solely for purposes related to their capacity as Members and in connection with the Purpose. The Members shall not, and shall ensure that their respective employees shall not, disclose any such Confidential Information at any time or otherwise make use of such Confidential Information for any purpose other than as Members.

13. GENERAL

13.1 APPLICABILITY

Except as otherwise expressly provided in this Agreement, this Agreement applies to each Member only so long as the Member is a Shareholder or has a Special User Agreement, as applicable.

13.2 PRECEDENCE

The Members shall be governed by the provisions of the ECC Act, the Notice of Articles, the Articles, the *Business Corporations Act* and this Agreement. In the event of any inconsistency among the provisions of any such documents, to the extent permitted by law and subject to the ECC Act, the provisions of this Agreement will take precedence and bind the parties and in particular the Members agree that the specific provisions of this Agreement shall override those general provisions in the Articles.

13.3 AMENDMENTS

Subject to the provisions of the ECC Act, this Agreement may be amended by approval of Members holding 50% or more of the Shares, except that any amendment to Section 2.4 hereof shall require the approval of at least two-thirds of the Members.

13.4 ASSIGNMENT

This Agreement may not be assigned by any Member except as provided for specifically herein.

13.5 COUNTERPARTS; FACSIMILE

This Agreement may be executed in any number of counterparts with the same effect as if all parties had all signed the same document. All counterparts will be construed together and will constitute one and the same agreement. This Agreement may be executed by the parties and transmitted by facsimile transmission and if so executed and transmitted this Agreement will be for all purposes as effective as if the parties had delivered an executed original Agreement.

13.6 ENTIRE AGREEMENT

This Agreement, including the Schedules hereto and the agreements referred to herein, constitutes the entire agreement between the parties hereto related to their membership in the Company, it being understood that additional agreements may be entered into relating to equipment and use thereof, use and access to information which may be restricted and other matters as required. There are not and shall not be any verbal statements, representations, warranties, undertakings or agreements between the parties and this Agreement may not be amended or modified in any respect except as provided in Section 13.3 hereof.

13.7 ENUREMENT

This Agreement shall enure to the benefit of and be binding on the respective successors, executors, administrators and permitted assigns of each of the Members and of the Company.

13.8 FURTHER ASSURANCES

The Members shall execute such further assurances and other documents and instruments and do such further and other things as may be necessary to implement and carry out the intent of this Agreement. Each Member that is a Shareholder agrees that it will vote and act at all times as a shareholder of the Company and all Members shall in all other respects use their best efforts and take all steps as may be reasonable within their powers so as to cause the Company to act in the manner contemplated by the provisions of this Agreement and so as to implement to their full extent the provisions of this Agreement (including the entering into of agreements by the Company with one or more of the parties hereto or other Persons).

13.9 NO PARTNERSHIP

Nothing in this Agreement shall be deemed in any way or for any purpose to constitute any party a partner of any party hereto in the conduct of any business or otherwise or a member of a joint venture or a joint enterprise with any other party hereto.

13.10 NOTICE

Any notice or other communication permitted or required under this Agreement must be in writing. Any such notice will be deemed delivered: (i) on the day of delivery in

person; (ii) one day after deposit with an overnight courier, fully prepaid; or (iii) if sent by facsimile transmission during regular business hours on a business day, on the date delivered or sent (or, if delivered or sent after normal business hours on a business day or on a non-business day, on the next business day) and must be sent to:

(a) if to the Company:

Capital Region Emergency Service Telecommunications (CREST) Incorporated
108 - 800 Kelly Road, Suite 482
Victoria, BC V9B 6J9

Attention: General Manager
Fax: (250) 995-5711

(b) if to a Member, at the address or fax number for that Member on record with the Company from time to time or, if no address or fax number for that Member is on record with the Company, to the general mailing address or general fax number for that Member made available to the general public,

or at such other reasonable address or fax number at which personal delivery may be effected of which a party may from time to time give notice in accordance with this Section.

13.11 TIME OF THE ESSENCE

Time shall be of the essence of this Agreement and the transactions contemplated hereby.

13.12 WAIVER

No provision of this Agreement shall be deemed to be waived unless such waiver is in writing. Any waiver of any default by any party hereto in the observance or of the performance of any part of this Agreement shall not extend to or be taken in any manner to affect any other default.

13.13 RESTATEMENT OF ORIGINAL AGREEMENT

This Agreement is the first amended and restated version of the Original Agreement. This Agreement reflects a restatement of the Original Agreement, as amended, as at _____, 200__.

13.14 BINDING EFFECT

This Agreement will be binding upon the Company and all of the current Members upon approval by the Minister in accordance with the requirements of the ECC Act.

SCHEDULE A
ARTICLES OF THE COMPANY

SCHEDULE B

AGREEMENT TO BE BOUND

TO: Capital Region Emergency Services Telecommunications (CREST) Incorporated

AND TO: All Members of the Company, as defined pursuant to a Members' Agreement dated _____, 2007 (the "**Members' Agreement**")

WHEREAS:

A. The Company has been established for the Purpose as set forth in the Members' Agreement;

B. The undersigned wishes to subscribe for Shares in the Company and become a Shareholder and a Member of the Company; and

C. The Members' Agreement requires that prior to the issue of Shares to any person, such person must agree to be bound by the terms of the Members' Agreement.

In consideration of the payment of \$2 by the Company to the undersigned and the issue of a Share to the undersigned (the receipt and sufficiency of which is hereby acknowledged) the undersigned hereby agrees that:

1. The terms as used herein shall have the meaning as set forth in the Members' Agreement.
2. The undersigned hereby subscribes for one Share of the Company.
3. The undersigned hereby pays \$10 for the Share.
4. So long as the undersigned owns the Share, the undersigned hereby agrees with the Company and all other Members to be bound by the terms and conditions of the Members' Agreement as and from the date hereof, as if it had been an original signatory thereto.
5. This Agreement shall bind the undersigned and all successors thereof.
6. If the undersigned is a Municipality the undersigned confirms that it has adopted or is adopting a bylaw as contemplated in Section 4(2)(a) of the *ECC Act* and this subscription will only become effective upon the adoption of such a bylaw.

DATED _____.

SCHEDULE C

COST-SHARING FORMULA FOR COMPANY SERVICES

1.0 OVERVIEW OF COST-SHARING FORMULA

- 1.1 The goal of the Cost-Sharing Formula is to allocate among Members all capital, operating and maintenance costs associated with the provision of Company Services by the Company, including overhead and administration costs and all financing costs associated with capital and operating expenditures, but excluding User Equipment.
- 1.2 There are two major cost components of the CREST System:
 - 1.2.1 Infrastructure Costs; and
 - 1.2.2 User Equipment Charges.
- 1.3 Only the Infrastructure Charge is allocated among User Agencies under the Cost-Sharing Formula described in this Schedule.
- 1.4 Any amendment to the allocation language of the Cost Sharing Formula requires the approval of the Members pursuant to Section 2.4.11 of the Members' Agreement.

2.0 DEFINITIONS

- 2.1 Adjusted Coverage Area means the Coverage Area multiplied by the Area Adjustment Factor.
- 2.2 Agreement means the Members' Agreement (First Amendment and Restatement) to which this Schedule is attached, as amended or replaced from time to time.
- 2.3 Area Adjustment Factor means the percentage(s) applied to the Coverage Area for each User Agency to determine the Adjusted Coverage Area, which, until amended by the Members in accordance with the Agreement, is 150% for police services in all jurisdictions, 45% for BC Transit and 100% for all other User Agencies.
- 2.4 Coverage Area means, with respect to each User Agency, the number of square kilometers that are within the jurisdiction of that User Agency.
- 2.5 CRD Charges means the fees and charges collected by the CRD under the Capital Regional District Emergency Communications Charge Bylaw No. 1, 2001, as amended, supplemented or replaced from time to time, and remitted to CREST by the CRD;
- 2.6 Current User Equipment means the User Equipment registered on the CREST System as at the date of this Agreement;

- 2.7 Infrastructure Costs means, for each fiscal year of the Company, the total of all Company expenses provided for in the Authorized Operating Budget and the Authorized Capital Budget including:
- 2.7.1 the capital costs of the CREST System, including capital expenditures, interest on debt obligations and debt reductions net of additions based on financing rates and terms secured by the Company;
 - 2.7.2 the operating and maintenance costs of the CREST System; and
 - 2.7.3 overhead and administration costs of the Company,
- but excluding User Equipment Charges.
- 2.8 Net Infrastructure Charge means, for each fiscal year of the Company, the Infrastructure Costs for that fiscal year, less the amount of (a) any revenues receivable by the Company from Contracted Users during that fiscal year (b) other revenues and (c) net transfers from the Reserve Fund and Fund Balance during that fiscal year.
- 2.9 New Agency means any User Agency that joins the CREST System after the date of the Agreement.
- 2.10 Population Served means, with respect to each User Agency, the number of people resident within the Coverage Area of that User Agency.
- 2.11 Total Adjusted Coverage Area means the sum of all Adjusted Coverage Areas.
- 2.12 Total Number of Radios means the sum of all User Radios registered on the CREST System.
- 2.13 Total Population Served means the sum of the total Population Served.
- 2.14 Total Radio Traffic means the sum of all User Radio Traffic.
- 2.15 User Agency means any single user on the CREST System that is affiliated with a Member, such as an individual police department, fire department, RCMP detachment or municipal public works department. BC Transit and BCAS are each designated as a single User Agency for the purposes of this Schedule.
- 2.16 User Equipment means all User Radios and peripheral equipment owned by CREST and used by a User Agency to interface with the CREST System, such as mobile and portable radio terminals, and data terminals, including batteries.
- 2.17 User Equipment Charges means, for any fiscal year of the Company, the total of all charges by the Company to User Agencies for the use of User Equipment during that fiscal year provided for in the authorized Operating Budget, including amortization of User Equipment capital costs, radio and base station licensing fees, battery replacement costs and other costs not forming part of the Infrastructure Costs for that fiscal year.

- 2.18 User Radios means the number of voice radios (both portable and mobile units) that are registered on the CREST System by each User Agency, excluding User Equipment.
- 2.19 User Radio Traffic means the monthly average minutes of User Radio use by each User Agency.

Capitalized terms used but not defined in this Schedule will have the meanings assigned to them in the Agreement.

3.0 COST DISTRIBUTION FACTORS

- 3.1 There are four factors that are used to calculate each User Agency's share of the Net Infrastructure Charge:
- 3.1.1 the Adjusted Coverage Area for that User Agency;
 - 3.1.2 Population Served by that User Agency;
 - 3.1.3 User Radio Traffic of that User Agency; and
 - 3.1.4 Number of User Radios used by that User Agency.
- 3.2 Sources and definitions of these cost distribution factors are contained in Table 1.
- 3.3 These cost distribution factors for each agency will be updated on an annual basis, as set out in Table 1.
- 3.4 The percentage allocation of these cost distribution factors to each User Agency's Net Infrastructure Charge is set out in Table 2.

4.0 APPLICATION OF SUBSIDIES AND ADJUSTMENTS

- 4.1 After the Company has allocated the Net Infrastructure Charge for a year among all User Agencies, the CRD Charge and any subsidies (or other payments) received by the Company in respect of that year on account of one or more User Agencies shall be applied to reduce the share of the Net Infrastructure Charge payable by those User Agencies.

5.0	USER EQUIPMENT CHARGES
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- 5.1 User Equipment Charges relate to User Equipment amortization and operating costs determined as follows:

5.1.1 Current User Equipment:

- 5.1.1.1 Amortization is based on the current inventory of radios and dispatch consoles owned by the Company and allocated to each User Agency, as set out in Table 3.
- 5.1.1.2 Charges are based on the proportionate capital cost to each User Agency, amortized over a period of seven (7) years at a cost of capital of 5% per year.
- 5.1.1.3 No amortization is charged to User Agencies that have purchased or supplied their own radios prior to the date of the Agreement.

5.1.2 Replacement User Equipment:

- 5.1.2.1 As Current User Equipment is replaced or supplemented from time to time, the Company will consult with the User Agencies and the Company will purchase for ownership by the Company and distribution to a User Agency all User Equipment to be used and maintained by that User Agency.
 - 5.1.2.2 Each Member will pay to the Company the capital cost of all such User Equipment distributed to its User Agencies, plus any associated financing costs.
- 5.2 License fees for spectrum for both radios and base stations are paid to Industry Canada by the Company on an annual basis. The Company will allocate to each User Agency its share of such fees, based on the Total Number of Radios.
- 5.3 Battery replacement costs are estimated annually and allocated to User Agencies based on the Total Number of Radios registered on the CREST System.
- 5.4 Only User Equipment purchased by the Company may be used on the CREST System, unless the Company otherwise consents in writing.

6.0 DESIGN OF THE COST SHARING FORMULA

6.1 User Agencies

- 6.1.1 Each User Agency is considered a separate user for the purposes of cost sharing under this Schedule. For example, a single Municipality's police department and fire department are two separate and completely independent User Agencies for the purposes of cost sharing.
- 6.1.2 For the purposes of cost sharing, a single Municipality is limited to three types of municipal User Agencies: a police department (or municipal RCMP detachment), a fire department and a public works department. Public works departments include all municipal public safety agencies, including but not limited to parks, engineering and transit agencies.
- 6.1.3 RCMP Allocation:
 - 6.1.3.1 Each RCMP detachment in the Territory is a User Agency and will be allocated a share of the Net Infrastructure Charge.
 - 6.1.3.2 For those RCMP detachments that provide services in more than one Municipality, the allocation of the Net Infrastructure Charge for those detachments among those municipalities will be calculated by the RCMP and the municipalities served by the RCMP.
 - 6.1.3.3 CREST will bill the RCMP for all costs associated with RCMP User Agencies.

6.2 Allocated Costs

- 6.2.1 The model is designed so that:
 - 6.2.1.1 in each year, the Net Infrastructure Charge are recovered from all User Agencies (through affiliated Members) that are active users of the CREST System in that year; and
 - 6.2.1.2 the addition of a New Agency reduces the share of the Net Infrastructure Charge paid by all other User Agencies.
- 6.2.2 If a Member fails to pay its share of the Net Infrastructure Charge, then the unpaid monies will be reallocated to and collected from the other Members. In that event, the Company will initiate collection proceedings to obtain the unpaid monies from the defaulting Member.

6.3 Timing of Cost Allocations

- 6.3.1 A User Agency begins to pay its share of the Net Infrastructure Charge from the date it becomes an operational user of the CREST System.

- 6.3.2 If a User Agency becomes an operational user of the CREST System at any time other than January 1 of a year, then its share of the Net Infrastructure Charge for that year will be prorated accordingly.

7.0 MEMBERS OBLIGATION TO PAY

- 7.1 Members are responsible for paying all costs and charges associated with its affiliated User Agencies, including both the Net Infrastructure Charges and User Equipment Charges.

TABLE 1 – COST DISTRIBUTION FACTORS IN COST SHARING FORMULA

Factor	Weight	Preliminary Source of Data	User Agencies Serving Multiple Jurisdictions	Area Adjustment Factor	Updating
Geographic Area	60%	2004 CRD Demographic Atlas as applicable; the source may change over time; easily available, accurate and reliable sources will be used.	Coverage areas for User Agencies are added together	<u>Police Agencies</u> = Area x 150% <u>BCAS</u> = Area x 45% <u>All other agencies</u> = Area x 100%	Will be updated on an annual basis using the most recent published “BC Stats” data.
Number of User Radios	15%	Number of radios registered on the CREST radio system as of the time of update			Will be updated on an annual basis using number of radios registered on the CREST radio system as at December 31 of the previous year.
Total Radio Traffic	15%	Analysis of system traffic reports for the first half of 2005.			These cost distribution factors for each agency will be updated on an annual basis, based on radio traffic for the prior calendar year.
Population Served	10%	2004 CRD Demographic Atlas as applicable; the source may change over time; easily available, accurate and reliable sources will be used.	Populations figures for User Agencies are added together		Will be updated on an annual basis using most recent published “BC Stats” data.

TABLE 2 - ALLOCATION OF COST DISTRIBUTION FACTORS TO NET INFRASTRUCTURE CHARGE

User Agency's Share of Net Infrastructure Charge =

[(Net Infrastructure Charge x 60%) x Agency's Share of Total Adjusted Coverage Area (Note below)

+ (Net Infrastructure Charge x 15%) x Agency's Share of Total Number of Radios

+ (Net Infrastructure Charge x 15%) x Agency's Share of Total Radio Traffic

+ (Net Infrastructure Charge x 10%) x Agency's Share of Total Population Served)]

Note: The Adjusted Coverage Area reflects the Area Adjustment Factor as defined in Section 2.4 of this Schedule

TABLE 3 - 2007 AGENCY ALLOCATIONS

Agency	2007 Allocation	PF	CF	TF	RF	Weight	Equip Total	Total
BC Ambulance Service (BCAS) - Other	219,099	2.12%	15.43%	1.42%	1.07%	20.03%	6,051	225,150
BC Transit and HandyDART - Other	125,997	2.12%	4.41%	2.63%	2.37%	11.52%	9,572	135,568
Central Saanich - Fire	10,874	0.10%	0.68%	0.01%	0.21%	0.99%	22,259	33,134
Central Saanich - Police	16,702	0.10%	1.02%	0.23%	0.17%	1.53%	17,702	34,404
CFB Esquimalt - Fire	11,395	0.06%	0.69%	0.01%	0.28%	1.04%	28,549	39,944
CFB Esquimalt - Police	16,189	0.06%	1.03%	0.20%	0.19%	1.48%	19,292	35,482
Colwood - Fire	6,862	0.09%	0.29%	0.04%	0.21%	0.63%	22,245	29,107
CRD East Sooke - Fire	8,458	0.01%	0.66%	0.00%	0.11%	0.77%	11,943	20,401
CRD Galiano Island - Fire	12,035	0.01%	0.95%	0.00%	0.14%	1.10%	15,825	27,859
CRD Gulf Island Emergency Program - Other	843	0.00%	0.00%	0.00%	0.07%	0.08%	7,668	8,511
CRD Mayne Island - Fire	5,900	0.01%	0.38%	0.00%	0.15%	0.54%	15,747	21,647
CRD Otter Point - Fire	7,501	0.01%	0.52%	0.00%	0.15%	0.69%	16,123	23,624
CRD Pender Island - Fire	9,248	0.01%	0.60%	0.01%	0.22%	0.85%	23,391	32,639
CRD Piers Island - Fire	548	0.00%	0.02%	0.00%	0.03%	0.05%	3,855	4,403
CRD Port Renfrew - Fire	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	-
CRD Saltspring Island - Fire	36,917	0.06%	3.18%	0.00%	0.13%	3.38%	14,666	51,583
CRD Saturna Island - Fire	6,411	0.00%	0.50%	0.00%	0.08%	0.59%	9,009	15,420
CRD Shirley - Fire	5,262	0.00%	0.38%	0.00%	0.10%	0.48%	10,780	16,042
CRD Willis Point - Fire	2,251	0.00%	0.09%	0.00%	0.11%	0.21%	11,691	13,942
Esquimalt - Fire	3,678	0.10%	0.12%	0.01%	0.11%	0.34%	10,886	14,564
Highlands - Fire	8,868	0.01%	0.62%	0.01%	0.17%	0.81%	18,116	26,984

Langford - Fire	12,737	0.12%	0.65%	0.06%	0.34%	1.16%	36,496	49,233
Metchosin - Fire	15,294	0.03%	1.17%	0.01%	0.18%	1.40%	19,579	34,872
North Saanich - Fire	10,510	0.07%	0.61%	0.03%	0.25%	0.96%	26,445	36,955
Oak Bay - Fire	6,368	0.11%	0.17%	0.14%	0.16%	0.58%	16,019	22,387
Oak Bay - Police	8,783	0.11%	0.26%	0.30%	0.13%	0.80%	13,478	22,261
Parks Canada - Other	-	0.00%	0.00%	0.00%	0.00%	0.00%	-	-
RCMP Common - Police	96,635	1.52%	5.52%	0.35%	1.46%	8.84%	124,040	220,675
RCMP Saltspring & Southern Gulf Islands - Police	67,864	0.09%	5.63%	0.26%	0.22%	6.20%	19,130	86,995
RCMP Sidney & North Saanich - Police	18,924	0.14%	1.04%	0.34%	0.21%	1.73%	17,724	36,647
RCMP Sooke - Police	31,415	0.08%	2.45%	0.21%	0.12%	2.87%	10,639	42,055
RCMP Westshore - Police	72,263	0.30%	4.46%	1.38%	0.47%	6.61%	40,409	112,672
Saanich - Fire	36,481	0.66%	1.70%	0.45%	0.52%	3.34%	52,318	88,799
Saanich - Police	74,537	0.66%	2.55%	2.49%	1.11%	6.82%	113,667	188,204
Sidney - Fire	3,801	0.07%	0.08%	0.00%	0.19%	0.35%	20,549	24,350
Sooke - Fire	11,960	0.06%	0.80%	0.02%	0.22%	1.09%	23,180	35,139
University of Victoria - Other	3,536	0.02%	0.03%	0.19%	0.09%	0.32%	596	4,132
Victoria - Fire	20,192	0.47%	0.32%	0.17%	0.88%	1.85%	89,366	109,557
Victoria & Esquimalt - Police	81,204	0.58%	0.66%	4.01%	2.18%	7.42%	243,212	324,416
Victoria Airport Authority - Other	1,022	0.00%	0.08%	0.00%	0.02%	0.09%	113	1,135
View Royal - Fire	5,113	0.05%	0.24%	0.02%	0.17%	0.47%	17,964	23,077
	1,093,677	10.00%	60.00%	15.00%	15.00%	100.00%	1,180,291	2,273,969

SCHEDULE D

LIST OF SHAREHOLDERS

Shareholder	Number of Shares
Provincial Government	one (1)
Garry Briggs (on behalf of RCMP)	one (1)
BCAS	one (1)
CRD (Southern Gulf Islands, Salt Spring Island and Juan de Fuca Electoral Areas)	three (3)
Town of Sidney	one (1)
District of Langford	one (1)
Corporation of the Town of Esquimalt	one (1)
City of Colwood	one (1)
District of Metchosin	one (1)
The Corporation of the District of Central Saanich	one (1)
The Corporation of the District of Saanich	one (1)
The Corporation of the District of Oak Bay	one (1)
The Corporation of the District of North Saanich	one (1)
District of Highlands	one (1)
The Corporation of the City of Victoria	one (1)
Town of View Royal	one (1)
District of Sooke	one (1)
BC Transit	one (1)

SCHEDULE E

LIST OF MEMBERS

Provincial Government
BCAS
CRD (Southern Gulf Islands, Salt Spring Island and Juan de Fuca Electoral Areas)
Town of Sidney
District of Langford
Corporation of the Town of Esquimalt
City of Colwood
District of Metchosin
The Corporation of the District of Central Saanich
The Corporation of the District of Saanich
The Corporation of the District of Oak Bay
The Corporation of the District of North Saanich
District of Highlands
The Corporation of the City of Victoria
Town of View Royal
District of Sooke
BC Transit
Royal Canadian Mounted Police