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BC FORESTRY REVITALIZATION TRUST II

This Declaration of Trust is dated for reference as of February 28, 2008.

BY:

ERIC VAN SOEREN, in his capacity as the sole holder of the office of Trustee of the BC Forestry Revitalization Trust (hereinafter referred to as the “**2003 Trust**”) that was established on March 31, 2003

(hereinafter in such capacity as trustee of the BC Forestry Revitalization Trust referred to as the “**2003 Trustee**”)

BACKGROUND

On March 31, 2003, Her Majesty The Queen in Right of the Province of British Columbia (as represented by the minister responsible for the administration of the *Forest Act* and hereinafter referred to as the “**Province**”) established the 2003 Trust for the purpose of mitigating adverse financial impacts suffered by certain persons as a result of a restructuring of the forestry sector and forestry operations within British Columbia arising out of reductions under the *Forestry Revitalization Act* of harvesting rights available to licensees under the *Forest Act*.

The Province established the 2003 Trust pursuant to a Deed of Trust (hereinafter referred to as the “**2003 Trust Deed**”) between the Province (as settlor of the 2003 Trust) and The Bank of Nova Scotia Trust Company (as initial trustee of the 2003 Trust). The Bank of Nova Scotia Trust Company later resigned as trustee of the 2003 Trust and was succeeded in that office by the 2003 Trustee.

The 2003 Trust is set to terminate in the near future. Due to various reasons, the 2003 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 mitigation support provided by the 2003 Trust. As a result, the 2003 Trustee has decided to create a new trust that will continue to fulfill the general purpose that was behind the creation of the 2003 Trust but that will not be limited to the mitigation of adverse financial impacts arising solely out of the *Forestry Revitalization Act*.

Section 11.07 of the 2003 Trust Deed authorizes the 2003 Trustee to create a new trust and to transfer some or all of the property of the 2003 Trust to that new trust, provided that such new trust meets the criteria set out in section 11.07 of the 2003 Trust Deed.

The Province has approved the terms and conditions set out in this Declaration and agrees that those terms and conditions are consistent with the purpose set out in section 2.01 of the 2003 Trust Deed.

In light of the above, the 2003 Trustee hereby signs this Declaration 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 2003 Trustee hereby declares as follows.
 - (a) The 2003 Trustee henceforth holds all funds (hereinafter referred to as the “**Initial Property**”) of the 2003 Trust 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 2003 Trust.
- (2) For all purposes of the 2003 Deed and this Declaration, the 2003 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 2003 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 RELATIONSHIP BETWEEN 2003 TRUST AND NEW TRUST

This Trust shall be considered to be a continuation of the 2003 Trust in respect of any liabilities and commitments of the 2003 Trust.

1.03 NAME OF THE TRUST

- (1) For convenience of reference, the Trust shall be known as the “BC Forestry Revitalization 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 be referred to as follows.

The trustee or trustees for the time being of the BC Forestry Revitalization Trust II, in the capacity of such person or persons as 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 person then holding the office of Trustee and indicates that such person is acting in a fiduciary capacity pursuant to the trusts set out in this Deed.

1.04 IRREVOCABLE NATURE OF THE TRUST

- (1) This Deed and the trusts created by this Deed 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 1.05(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 16th anniversary of this Declaration.
 - (b) If the Trustee determines that it is desirable for the Trust to terminate prior to the 16th 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.
- (3) On or after the Termination Date but prior to the end of any extension of the Term, the Trustee shall transfer any Trust Property then remaining to such person or persons as may be selected by the Trustee, provided that any such transferee
 - (a) agrees to use such Trust Property for purposes that are consistent with the Trust Purpose; and
 - (b) binds itself to such use in a manner acceptable to the Trustee.
- (4) The Term of the Trust may be extended for such length of time (not exceeding two years) after the Termination Date as the Trustee may require in order to select one or more recipients of the remaining Trust Property in accordance with section 1.05(3).

PART 2 -- PURPOSE OF THE TRUST

2.01 STATEMENT OF THE PURPOSE OF THE TRUST

- (1) The purpose (hereinafter referred to as the “**Trust Purpose**”) of the Trust is to mitigate adverse financial impacts suffered by any Eligible Person as a result of any restructuring

of the forestry sector and forestry operations within British Columbia, to the extent that those adverse financial impacts arise as a result of a reduction (hereinafter referred to as referred to as a “**Qualifying Reduction**”) of harvesting rights available to licensees under the *Forest Act* as a result of a land use decision made by the government of British Columbia.

- (2) Without limiting the generality of section 2.01(1), a Qualifying Reduction includes a reduction implemented under the *Forestry Revitalization Act*.

2.02 ELIGIBLE PERSONS

- (1) In this section 2.02, the following terms have the following meanings.

- (a) “**Contractor**” means an individual, corporation, partnership or other person or entity who holds a replaceable contract or a replaceable subcontract within the meaning of the *Timber Harvesting Contract and Subcontract Regulation* made pursuant to the *Forest Act*.
- (b) “**Major Licensee**” means an individual, corporation, partnership or other person or entity
- (i) who holds a major licence within the meaning of the *Forest Act*; and
- (ii) whose allowable annual cut (within the meaning of the *Forest Act*) under that major licence has been reduced in a Qualifying Reduction.
- (c) “**Reduction Date**” in respect of a Qualifying Reduction means the date on which that Qualifying Reduction takes effect, as determined by the Trustee.
- (d) “**Status Determination Date**” in respect of an employee of a Major Licensee and in respect of a Qualifying Reduction means the following date.
- (i) The Reduction Date, if the employee is regularly scheduled to report for work on the Reduction Date and does so report for work.
- (ii) The employee’s last regular working day that occurred before the Reduction Date, in any other case (including the case of an employee who, as of the Reduction Date, is on layoff subject to recall).
- (2) A person is an **Eligible Person** in respect of a Qualifying Reduction if, at any particular time subsequent to the Reduction Date applicable in respect of that Qualifying Reduction, the person fulfills the criteria set out in any one of the following paragraphs 2.02(2)(a), 2.02(2)(b), 2.02(2)(c) or 2.02(2)(d).
- (a) The person (hereinafter referred to as an “**Unemployed Forestry Worker**”) is an individual who fulfills all the following criteria.
- (i) On the Reduction Date, the individual was an employee of a Major

Licensee or a Contractor.

- (ii) On the Status Determination Date, the individual was in receipt of a salary computed on the basis of an hourly wage, piece work or some similar criterion.
 - (iii) The individual was not an owner/manager, director or officer of the Major Licensee or Contractor that was the employer of the individual.
 - (iv) On the Status Determination Date, the individual reported for work at a location within British Columbia as a regular part of the employment duties provided by that individual to a Major Licensee or a Contractor.
 - (v) Subsequent to the Reduction Date, the individual ceased to be an employee of a Major Licensee or a Contractor for a reason other than either of the following reasons.
 - (A) Retirement with a level of pension benefits that is equal to the pension benefits that would have been payable if the individual had retired at full pensionable age (as determined under the rules of the pension plan in question). For purposes of this determination, the level of pension benefits paid to an individual shall include only such benefits as would have been payable if this Trust had not come into existence.
 - (B) Termination for cause.
- (b) The person (hereinafter referred to as a “**Retraining Forestry Worker**”) is an individual who fulfills all the following criteria.
- (i) On the Reduction Date, the individual was an employee of a Major Licensee or a Contractor.
 - (ii) On the Status Determination Date, the individual was in receipt of a salary computed on the basis of an hourly wage, piece work or some similar criterion.
 - (iii) The individual was not an owner/manager, director or officer of the Major Licensee or Contractor that was the employer of the individual.
 - (iv) On the Status Determination Date, the individual reported for work at a location within British Columbia as a regular part of the employment duties provided by that individual to a Major Licensee or a Contractor.
 - (v) At the particular time, the individual is undergoing training in order to learn how to perform employment duties that
 - (A) were performed prior to the Reduction Date by a person who,

subsequent to the Reduction Date, became an Unemployed Forestry Worker; and

- (B) are to be performed after completion of the training at a location within British Columbia.
- (vi) At the particular time, the training referred to in section 2.02(2)(b)(v) is not normally provided by the Major Licensee or Contractor who is the employer of the individual.
- (vii) At the particular time, no applicable legislation and no applicable collective agreement requires that the Major Licensee or Contractor who is the employer of the individual provide the training referred to in section 2.02(2)(b)(v).
- (c) The person (hereinafter referred to as an “**Eligible Contractor**”) is a Contractor who fulfills all the following criteria.
 - (i) On the Reduction Date, the person was the holder of a replaceable contract (as that concept applies on the Reduction Date for purposes of the *Timber Harvesting Contract and Subcontract Regulation* made pursuant to the *Forest Act*).
 - (ii) Subsequent to the Reduction Date, the person had the amount of work in respect of any replaceable contract referred to in section 2.02(2)(c)(i) reduced under Part 5 of the *Timber Harvesting Contract and Subcontract Regulation* made pursuant to the *Forest Act*, as such regulation stood on the date of establishment of this Trust and as such regulation may be amended from time to time.
 - (iii) The reduced demand referred to in section 2.02(2)(c)(ii) is attributable to a Qualifying Reduction.
- (d) The person is an individual, corporation, partnership or other person or entity that is appointed pursuant to the power of appointment set out in section 2.03, but with effect only as of the date of such appointment.

2.03 POWER OF APPOINTMENT

- (1) The Trustee has the power, exercisable at any time and from time to time by supplementary written declaration, to appoint a person as an Eligible Person if
 - (a) such person would not otherwise be an Eligible Person; and
 - (b) the Trustee determines that the appointment of such person as an Eligible Person would be consistent with, and would enhance the fulfillment of, the Trust Purpose.

- (2) The supplementary written declaration referred to in section 2.03(1) need not be under seal or in the form of a deed. The Trustee shall place a copy of any such supplementary written declaration with this Declaration and such supplementary written declaration shall be deemed to supplement this Declaration.

PART 3 -- ACCOUNTS OF THE TRUST

3.01 TRUST TO CONSIST OF THREE ACCOUNTS

- (1) The accounts of the 2003 Trust, as they existed immediately prior to the contribution of the Initial Property, shall be continued as accounts of this Trust, as follows.
 - (a) All amounts in the administration account of the 2003 Trust shall be allocated to the “**Administration Account**” of this Trust.
 - (b) All amounts in the forest worker mitigation account of the 2003 Trust shall be allocated to the “**Forest Worker Mitigation Account**” of this Trust.
 - (c) All amounts in the contractor mitigation account of the 2003 Trust shall be allocated to the “**Contractor Mitigation Account**” of this Trust.
- (2) The Trustee is to keep separate records of the funds in each account referred to in section 3.01(1).
- (3) In this Deed, a reference to a “**Mitigation Account**” means either the Forest Worker Mitigation Account or the Contractor Mitigation Account (respectively).
- (4) In this Deed, a reference to “**Mitigation Accounts**” means the Forest Worker Mitigation Account and the Contractor Mitigation Account (collectively).

3.02 FUTURE CONTRIBUTIONS OF PROPERTY

Any future contribution of any property (other than the Initial Property) to the Trust shall be allocated to one or more of the accounts referred to in section 3.01(1), as specified by the contributor or, failing any such specification, as determined by the Trustee.

3.03 TRANSFERS OF FUNDS AMONG ACCOUNTS

- (1) No funds shall at any time be transferred from either Mitigation Account to the Administration Account.
- (2) The Trustee may at any time and from time to time effect the following transfers of funds between the following accounts, but only on the recommendation of the Advisory Board.
 - (a) A transfer of funds from the Administration Account to either Mitigation Account, to the extent that the Trustee considers that such transferred funds are in excess of the anticipated Administrative Expenses of the Trust. For greater certainty, any such transfer of funds cannot be reversed.

- (b) A transfer of funds from one Mitigation Account to the other Mitigation Account, to the extent that the Trustee considers that such a transfer furthers the Trust Purpose.

3.04 ALL INCOME TO BE ALLOCATED TO MITIGATION ACCOUNTS

- (1) All income earned in respect of funds held in a Mitigation Account (net of any distributions made out of such income and any applicable taxes on such income) shall be income of that Mitigation Account. The Trustee may from time to time capitalize any such income and any such capitalized income shall thenceforth be considered capital of that Mitigation Account.
- (2) All income earned in respect of funds held in the Administration Account (net of any expenses paid out of such income and any applicable taxes on such income) in any fiscal period shall be added to the Mitigation Accounts as of end of such fiscal period in proportion to the capital held in the respective Mitigation Accounts as of the time immediately prior to the end of such fiscal period. Any such income so added shall thenceforth be considered capital of the respective Mitigation Accounts.
- (3) The Trustee may from time to time and at any time select any fiscal period for effecting the capitalization of income pursuant to section 3.04(2), provided that such capitalization is effected at least once in each calendar year.

PART 4 -- DISTRIBUTIONS OUT OF TRUST INCOME AND OUT OF THE CAPITAL OF THE MITIGATION ACCOUNTS

4.01 DISTRIBUTIONS OUT OF THE FORESTRY WORKER MITIGATION ACCOUNT

Subject to section 4.03 and the other provisions of this Deed, and subject at all times to the furtherance of the Trust Purpose, the Trustee may, at any time prior to the Termination Date, deal as follows with the income and capital of the Forestry Worker Mitigation Account.

- (a) The Trustee may pay or distribute, at any time and from time to time prior to the Termination Date, so much of the income of the Forestry Worker Mitigation Account in furtherance of the Trust Purpose as the Trustee from time to time determines, provided that such payment or distribution is likely to be of benefit to one or more Eligible Forestry Workers.
- (b) The Trustee may pay or distribute, at any time and from time to time prior to the Termination Date, so much of the capital of the Forestry Worker Mitigation Account in furtherance of the Trust Purpose as the Trustee from time to time determines (even if the effect of such payment or distribution is to deplete the capital of the Forestry Worker Mitigation Account), provided that such payment or distribution is likely to be of benefit to one or more Eligible Forestry Workers.

4.02 DISTRIBUTIONS OUT OF THE CONTRACTOR MITIGATION ACCOUNT

- (1) Subject to this section 4.02, section 4.03 and the other provisions of this Deed, and subject at all times to the furtherance of the Trust Purpose, the Trustee may, at any time prior to the Termination Date, deal as follows with the income and capital of the Contractor Mitigation Account.
 - (a) The Trustee may pay or distribute, at any time and from time to time prior to the Termination Date, so much of the income of the Contractor Mitigation Account in furtherance of the Trust Purpose as the Trustee from time to time determines, provided that such payment or distribution is likely to be of benefit to one or more Eligible Contractors.
 - (b) The Trustee may pay or distribute, at any time and from time to time prior to the Termination Date, so much of the capital of the Contractor Mitigation Account in furtherance of the Trust Purpose as the Trustee from time to time determines (even if the effect of such payment or distribution is to deplete the capital of the Contractor Mitigation Account), provided that such payment or distribution is likely to be of benefit to one or more Eligible Contractors.
- (2) The Trustee may receive, at any time and from time to time, AAC reduction proposals agreed to by Major Licensees and their respective Eligible Contractors as provided for under the *Timber Harvesting Contract and Subcontract Regulation* made pursuant to the *Forest Act*. Based on such proposals, and provided that the Trustee is satisfied that the proposal is inconsistent with neither the Trust Purpose nor any applicable Advisory Board guidelines or recommendations, the Trustee may make payments to Eligible Contractors based on such agreement.
- (3) If the Trustee is satisfied that the Trustee will receive no agreed AAC reduction proposal as referred to in section 4.02(2) in respect of a Major Licensee, the Trustee shall determine the appropriate payments to be made to Eligible Contractors of that Major Licensee. In making such determination, the Trustee
 - (a) may establish unit payment rates in respect of a specific geographic area or industry sector and may base payments on such unit rates; and
 - (b) may take into account any recommendation, award or ruling made by an arbitrator in respect of an arbitration of an AAC reduction under the *Timber Harvesting Contract and Subcontract Regulation* made pursuant to the *Forest Act*.

4.03 GENERAL RULES REGARDING DISTRIBUTIONS OUT OF A MITIGATION ACCOUNT

- (1) The Trustee may make a payment or distribution out of the income of the Trust or out of the capital of a Mitigation Account only in the following circumstances.
 - (a) The Trustee must have determined that the making of such payment or distribution would further the Trust Purpose.

- (b) The payment or distribution is likely to be of benefit to one or more Eligible Forestry Workers or Eligible Contractors (as the case may be).
 - (c) The payment or distribution must not be inconsistent with any existing Advisory Board guidelines or recommendations that are then in effect.
- (2) For purposes of this Deed, a payment or distribution will not be considered to be inconsistent with guidelines or recommendations of the Advisory Board merely because there are no applicable Advisory Board guidelines or recommendations then in effect.
- (3) When the Advisory Board makes a guideline or recommendation in respect of any matter, the Trustee need not accept that guideline or recommendation but may instead remit the matter back to the Advisory Board for reconsideration if the Trustee considers that the guideline or recommendation is inconsistent with or would not further the Trust Purpose.

4.04 SPECIFIC AUTHORIZATIONS

Provided that the payment or distribution serves to further the Trust Purpose and is not inconsistent with guidelines or recommendations made by the Advisory Board, the Trustee is specifically authorized to make the following types of payments or distributions out of the income of the Trust or out of the capital of a Mitigation Account.

- (a) The Trustee may make payments or distributions to or for the benefit of any Eligible Forestry Worker or any Eligible Contractor (as the case may be).
- (b) The Trustee may make payments (other than payments for Administrative Expenses) or distributions to any person (including a person who is not an Eligible Person) for the purpose of funding activities that will be of benefit to any Eligible Forestry Worker or any Eligible Contractor (as the case may be).
- (c) In the case of payments or distributions out of the income or capital of the Forestry Worker Mitigation Account, the Trustee may engage in pension bridging in order to assist Unemployed Forestry Workers in leaving the British Columbia forestry industry. To the extent that the Trustee decides to engage in pension bridging, the Trustee may enter into joint pension bridging arrangements with the government of Canada provided that the government of Canada matches funds provided for this purpose by the Trustee.

4.05 DISCRETIONARY POWERS OF THE TRUSTEE PREVAIL

A person (including an Eligible Person) has no right or entitlement to receive

- (a) any portion of the Trust income or capital of the Mitigation Accounts ; or
- (b) any benefit from the Trust;

unless and until the Trustee exercises a discretion in favor of that person.

4.06 NO DISTRIBUTION TO THE PROVINCIAL CROWN

Notwithstanding any other provision of this Deed, no portion of the Trust Property may be distributed to, paid to, lent to or otherwise applied in favour of or for the benefit of Her Majesty in right of the Province of British Columbia.

PART 5 -- ADVISORY BOARD

5.01 ESTABLISHMENT OF ADVISORY BOARD

- (1) At all times during the Term, the Trust shall have an Advisory Board.
- (2) The following members of the 2003 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. A Nominator referred to in the following table includes any successor entity.

Member	Nominator of that Member
Monty Mearns	United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union
Darrel Wong	United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union
Jim Girvan	The Truck Loggers Association of B.C.
Tim Menning	Majority decision of the following associations. <ul style="list-style-type: none">(a) Central Interior Logging Association.(b) Interior Logging Association.(c) North West Logging Association.
Rick Jeffery	Majority decision of the Major Licensees who hold tenure in the Coast Forest Region.
John Allan	Majority decision of the Major Licensees who hold tenure in at least one of the following regions. <ul style="list-style-type: none">(a) The Southern Interior Forest Region.(b) The Northern Interior Forest Region.

David Morel	The Minister
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- (3) If a member of the Advisory Board ceases to act as such for any reason, a replacement shall be selected in accordance with the following procedure.
- (a) If the member (hereinafter referred to as the “**Former Member**”) being replaced was a nominee of a Nominator other than the Minister, the following procedure applies.
- (i) The Trustee shall ask the Nominator to provide the Trustee with the names of up to three nominees (as determined by the Trustee) together with biographical information on each nominee and any other information that may be requested by the Trustee.
- (ii) The Trustee shall select one nominee as the replacement for the Former Member.
- (iii) If a nominee refuses to accept the appointment, the Trustee may request that the Nominator name an additional nominee or may select from any remaining nominees.
- (iv) The Trustee shall have no obligation to appoint a replacement for the Former Member unless the Nominator has first provided the Trustee with the names and requested information in respect of at least three nominees.
- (A) If a Nominator fails to provide the requested information in respect of at least three nominees within 30 days of a request made by the Trustee for at least three nominees, the Trustee shall then have the authority to appoint a person to the Advisory Board who is not a nominee of the Nominator.
- (B) Any person appointed by the Trustee pursuant to section 5.01(3)(a)(iv)(A) shall, for all purposes of this Deed, be considered to be a nominee of the Nominator who failed to provide the requested information.
- (b) If the member being replaced was a nominee of the Minister, the Minister shall name the replacement.

5.02 APPOINTMENT OF ADDITIONAL ADVISORY BOARD MEMBERS

- (1) The Trustee may increase the size of the Advisory Board by appointing additional members nominated by any person who contributes significant additional funds to the Trust.
- (2) No person who contributes additional funds to the Trust has any right to nominate a member to the Advisory Board unless and until the Trustee agrees to grant such right. If

the Trustee agrees to grant such right, the document in which such right is granted shall be a supplement to this Deed and the procedure set out in section 5.01(3)(a)(i) to 5.01(3)(a)(iv) shall apply in respect of the original selection of that Nominator's nominee.

5.03 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 will have 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 will have 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 person (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 persons.
 - (a) One of the Trustee or the Alternate Chair.
 - (b) The greater of the following number of members of the Advisory Board (except if the following numbers are equal to each other, in which case the relevant number will be that equal number).
 - (i) Four members of the Advisory Board.
 - (ii) Two-thirds of the members of the Advisory Board then in office, rounded up to the next whole number whenever the calculation produces a number that is not a whole number.
- (6) The Advisory Board may make guidelines and recommendations for the guidance of the Trustee, as set out in this Deed (including section 4.03(1)(c)), but only if
 - (a) all members of the Advisory Board then in office have consented to the guideline or recommendation in writing; or
 - (b) at least two-thirds of the members of the Advisory Board then in office have concurred in the guideline or recommendation while a quorum was present at a validly-constituted meeting of the Advisory Board.

- (7) The Trustee may establish procedures to be followed by the Advisory Board in respect of any procedural or operational matter.
- (8) The Advisory Board may make guidelines and recommendations that are limited to a specific Qualifying Reduction, to a specific geographic area, to a specific sector of the industry or in any other manner that is considered appropriate by the Advisory Board.
- (9) A guideline made under the 2003 Trust shall apply for purposes of this Trust until that guideline is modified or repealed by the Advisory Board.

5.04 LIMITED POWER TO REIMBURSE CERTAIN ADVISORY BOARD EXPENSES

- (1) Subject to section 9.02 and to the balance of funds then in the Administration Account, 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* (Canada).
 - (b) Accommodation and meal expenses.
 - (c) Other out-of-pocket expenses incurred by members of the Advisory Board as a direct result of their duties as members of the Advisory Board, but only to the extent that the Trustee considers that reimbursement is reasonable.
- (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.

5.05 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 5.05(1) by a written notice (hereinafter referred to as the “**Board Member Dismissal Notice**”) signed by the Trustee and delivered to the Minister, with a copy of the Board Member Dismissal Notice to the dismissed member and each other member of the Advisory Board. However, failure to give a copy of the Board Member 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 5.05(1) will be the date of delivery of the Board Member Dismissal Notice to the Minister or any later date specified in the Board Member Dismissal Notice.
- (4) The Trustee may exercise the dismissal power referred to in section 5.05(1) for any reason, whether with or without cause, and even if there is then a disagreement between the Trustee and the dismissed member regarding the dismissal or the reasons for it.

- (5) On the dismissal of any member who was a nominee of a Nominator other than the Minister, the Trustee will then select a replacement member pursuant to the procedure described in section 5.01(3)(a), except that the list of nominees provided by a Nominator shall not include the name of the dismissed member.
- (6) If the dismissed member was a nominee of the Minister, the Minister shall appoint a replacement.

5.06 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 (hereinafter referred to as the “**Board Member Resignation Notice**”) to the Trustee with a copy of the Board Member Resignation Notice to the Minister and to the other members of the Advisory Board. However, failure to give a copy of the Board Member Resignation Notice to the Minister or to any other member of the Advisory Board will not invalidate the effect of the Board Member Resignation Notice.
- (2) A Board Member Resignation Notice shall be signed by the person resigning and shall specify the effective date of such resignation, which must be at least 60 days after the date of delivery of the Board Member Resignation 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 Board Member Resignation Notice to the Minister and 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 5.01(3)(a), except that the list of nominees provided by a Nominator shall not include the name of the resigning member.
- (4) On the resignation of an Advisory Board member who was a nominee of the Minister, the Minister shall appoint a replacement.
- (5) The following additional rules shall apply in respect of the appointment of a replacement for a person who has resigned from the Advisory Board.
 - (a) Such appointment shall be made no later than the effective date of the resignation of the person 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 person who is resigning, such resignation shall become effective on the effective date of the appointment of the replacement member (even if the effective date of the appointment of the replacement member is less than 60 days after the date of delivery of the Board Member Resignation Notice).
 - (c) The Minister shall provide a copy of the appointment of the replacement member to the Trustee and to the other members of the Advisory Board. However, any failure to give a copy of the appointment to the Trustee or to any member of the

Advisory Board will not invalidate the appointment.

PART 6 -- FUNDING AGREEMENTS

6.01 FUNDING AGREEMENTS

- (1) When making a distribution to or for the benefit of any Eligible Person, the Trustee shall enter into an agreement (hereinafter referred to as a “**Funding Agreement**”) with each recipient of the funds included in that distribution.
- (2) In a Funding Agreement, the Trustee shall require that the recipient of the distributed funds comply with such terms and conditions as are considered advisable by the Trustee and as are consistent with the Trust Purpose.
- (3) Without limiting the generality of section 6.01(2), the Trustee shall endeavour to include in each Funding Agreement provisions that deal with at least the following matters (except to the extent that the Trustee determines that a specific matter is not applicable to a specific distribution).
 - (a) The identity of the recipient of the funds.
 - (b) The identity of each Eligible Person in respect of whom the distribution is being made.
 - (c) The aggregate amount that is to be distributed.
 - (d) If the distribution is to be paid over a period of time, the following matters.
 - (i) The time period over which the relevant amounts are to be paid.
 - (ii) The specification of all events that may result in the Trustee making payment of future amounts.
 - (e) The purpose for which the distributed funds are to be used, including the intended outcome or outcomes for the use of those funds and any factors that are to be taken into account when judging whether the use of the funds has achieved the intended outcome or outcomes.
 - (f) A list of any prohibited uses of the funds.
 - (g) Any applicable cost-sharing requirements.
 - (h) A requirement to comply with the Trust Purpose.
 - (i) A procedure for administering the manner in which the funds are actually used. This may include the establishment of procedures to be followed by the recipient of the funds in order to ensure that the use made of the funds can be audited or verified by a third party.

- (j) Remedies for breach of the Funding Agreement. This may include provisions for the suspension or termination of any future funding, steps that may be taken to recover funds that have been expended in violation of the Funding Agreement and any other remedies that may seem advisable to the Trustee.
- (k) To the extent considered desirable by the Trustee, a requirement to provide periodic written reports to the Trustee in a format acceptable to the Trustee describing the use made of the funds. This may include a requirement for the recipient to submit detailed financial reports, whether audited or unaudited.
- (l) To the extent considered desirable by the Trustee, a requirement to segregate the distributed funds from other funds of the recipient.
- (m) To the extent that the recipient of distributed funds is required to use the distributed funds for the purpose of making payments to Eligible Persons, a prohibition against the use of any portion of those funds for the payment of administrative costs incurred by the recipient in connection with making such payments.

PART 7 -- SCOPE OF TRUSTEE DISCRETION

7.01 DISCRETIONARY POWERS VESTED IN TRUSTEE

- (1) This Deed 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 Trust income and Mitigation Account capital), subject only to the provisions of this Deed and the furtherance of the Trust Purpose.
- (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 Deed on the Trustee, subject only to the provisions of this Deed and the furtherance of the Trust Purpose.

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

- (1) When deciding whether to make any distribution, the Trustee shall be guided by the Trust Purpose and shall take into account all factors that the Trustee considers relevant to the Trust Purpose.
- (2) Without limiting the generality of section 7.02(1), the Trustee shall take into account the following factors.
 - (a) The manner in which any potential recipient of funds has used or not used any amounts previously received.
 - (b) The extent to which any potential recipient's use of any amounts previously received by that potential recipient has furthered or failed to further the Trust Purpose.

- (c) The extent to which any potential recipient's use of any amounts previously distributed to that potential recipient has been consistent or inconsistent with the Trust Purpose.
- (3) Without limiting the generality of section 7.02(1), the Trustee is specifically authorized to refuse to make a payment or distribution to a person on the basis of the manner in which the person has used or not used any amounts previously paid or distributed to that person.

7.03 EXCLUSION OF EVEN-HAND RULE

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 all Eligible Persons or among the members of any sub-group of Eligible Persons.
- (b) The Trustee need not pay or distribute equal amounts among Eligible Persons or among the members of any sub-group of Eligible Persons.
- (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 or more persons, even if that advantage is conferred at the expense or to the detriment of any one or more other persons (including any one or more Eligible Persons).
- (d) The exercise of a discretionary power in favor of a specific person is to have no impact or relevance whatsoever when the Trustee is deciding whether to exercise any discretionary power in favor of any other person.
- (e) The primary consideration shall be the fulfillment of the Trust Purpose.

7.04 BINDING NATURE OF DISCRETIONARY POWERS

- (1) For purposes of this section 7.04 (as it applies for purposes of this Deed), a decision of the Trustee includes each and every exercise or non-exercise of any power, discretion or authority by the Trustee.
- (2) Each and every decision of the Trustee shall be binding upon all Eligible Persons and upon all other persons who may have any involvement with the Trust; and
- (3) No decision of the Trustee shall be subject to question or review for any purpose by any person, official, authority, court, tribunal or any other body or entity (including entities exercising administrative, judicial or quasi-judicial functions).
- (4) This section 7.04 applies for all purposes of this Deed. Without limiting the generality of the foregoing, this section 7.04 applies to the following specific decisions of the Trustee.
 - (a) Any selection made pursuant to section 1.05(3).

- (b) Any determination as to whether a person is an Eligible Person.

PART 8 -- ADMINISTRATION OF THE TRUST

8.01 GENERAL ADMINISTRATION PROVISIONS

- (1) The Trustee will have all the powers, rights and discretions set out in this Deed.
- (2) The Trustee will hold the Trust Property during the Term upon the trusts set out in this Deed 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 Deed.

8.02 TRUSTEE REPORTING OBLIGATIONS TO MINISTER

- (1) Within 60 days after the end of each fiscal year of the Trust, the Trustee must provide to the Minister 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 amount paid or distributed to each recipient of funds and each respective recipient’s use of those funds.
 - (b) An assessment of the degree to which recipients of funds have used funds in conformity with the Trust Purpose.
 - (c) An assessment of the extent to which payments or distributions have fulfilled the Trust Purpose.
 - (d) A detailed breakdown of Administrative Expenses incurred in the fiscal year and the reason for having incurred 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.
 - (g) Such other information and material as may be requested by the Minister. Without limiting the generality of the foregoing, the Minister may request that the Trustee hire an independent third party to do any of the following and to report directly to the Minister.
 - (i) Make any assessment referred to in section 8.02(2)(b) or section 8.02(2)(c).

- (ii) Assess the performance of the Trustee.
- (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 Minister 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 person holding the office of Trustee in any capacity other than such person'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.

8.03 TRUSTEE REPORTING OBLIGATIONS TO ADVISORY BOARD

Within 15 days after the end of each fiscal quarter, the Trustee shall issue a report to the members of the Advisory Board summarizing the progress made in respect of the achievement of the Trust Purpose.

PART 9 -- TRUSTEE REMUNERATION AND ADMINISTRATIVE EXPENSES

9.01 REMUNERATION OF TRUSTEE

- (1) Subject to section 9.02 and to the balance of funds then in the Administration Account, each person holding the office of Trustee is entitled to be paid remuneration as set out in Schedule A of this Declaration for all time expended and all acts done in connection with the Trust. Schedule A is hereby incorporated in and made a part of this Declaration.
- (2) At the request of a person holding the office of Trustee but at all times subject to section 9.02 and to the balance of funds then in the Administration Account, the Minister may approve a modification to the rate of remuneration payable to the person then holding the office of Trustee. Any such modification shall be set out in a document approved by the Minister and the Trustee, which document shall be appended to this Deed as a supplement to Schedule A.
- (3) Any document appended to this Deed in accordance with section 9.01(1) or 9.01(2) shall become a part of this Deed and shall have the same legal validity in accordance with its terms as if the document had been part of this Deed on the date of signature of this Deed.
- (4) Subject to section 9.02 and to the balance of funds then in the Administration Account, the Trustee
 - (a) is entitled to deduct and retain from time to time the amount of remuneration payable to a person holding the office of Trustee; and

- (b) may at any time and from time to time pay amounts to any person then holding the office of Trustee in reimbursement for all advances made to the Trust by such person and for all expenses incurred by or on behalf of such person in the administration of the Trust.

9.02 LIMITATION ON ADMINISTRATIVE EXPENSES

- (1) Notwithstanding any other provision of this Deed, the aggregate Administrative Expenses over the Term of the Trust are not to exceed the portion of the Initial Property allocated to the Administration Account.
- (2) An expenditure (other than the payment of any Tax lawfully imposed in respect of the income of the Trust) is an **Administrative Expense** if the expenditure does not constitute a distribution, payment or transfer referred to in section 4.01, section 4.02 or section 1.05(3). Without limiting the generality of the foregoing, Administrative Expenses include the following expenses.
 - (a) Remuneration paid to the Trustee.
 - (b) Reimbursed expenses of members of the Advisory Board.
 - (c) Amounts paid to third parties for services rendered to the Trustee.
 - (d) Federal goods and services tax and any other Tax payable in respect of services rendered to the Trustee.
- (3) The Trustee has the power to incur and pay Administrative Expenses only out of funds standing to the credit of the Administration Account.

PART 10 -- THE OFFICE OF TRUSTEE

10.01 NUMBER OF PERSONS HOLDING THE OFFICE OF TRUSTEE

There shall be no more than one person holding the office of Trustee at any one time.

10.02 RESIGNATION OF PERSON HOLDING THE OFFICE OF TRUSTEE

- (1) Any person holding the office of Trustee may resign such office at any time by giving at least 60 days written notice (hereinafter referred to as the “**Trustee Resignation Notice**”) to the Minister with a copy of the Trustee Resignation Notice to the members of the Advisory Board. However, failure to give a copy of the Trustee Resignation Notice to any Advisory Board member will not invalidate the effect of the Trustee Resignation Notice.
- (2) A Trustee Resignation Notice shall be signed by the person 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 Trustee Resignation Notice.

- (3) On the resignation of any person holding the office of Trustee, the Minister shall appoint a replacement to the office of Trustee by written instrument supplementing this Deed.
 - (a) Such appointment will be made no later than the effective date of the resignation of the person 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 person who is resigning from the office of Trustee, such resignation shall become effective on the effective date of the appointment of the replacement Trustee (even if the effective date of the appointment of the replacement Trustee is less than 60 days after the date of delivery of the Trustee Resignation Notice).
 - (c) The Minister 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.

10.03 DEEMED RESIGNATION OF PERSON 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) In the case of a person who is an individual, the death of that person.
 - (b) In the case of a person who is not an individual, the commencement of the liquidation of that person or of any other winding-up proceeding in respect of that person.
 - (c) The insolvency of that person.
 - (d) The commission of an act of bankruptcy by that person.
 - (e) That person becomes incapacitated.
 - (f) The termination of the status of the person as a resident of Canada for purposes of the *Income Tax Act* (Canada).
 - (g) The person becomes an employee of the Province of British Columbia.
 - (h) The person becomes a minister of Her Majesty in right of the province of British Columbia.
 - (i) The person becomes a member of the legislative assembly of the Province of British Columbia.
- (2) In the case of a deemed resignation as set out in section 10.03(1), the Minister shall appoint a replacement Trustee by written instrument supplementing this Deed as soon as

possible after the deemed resignation. The Minister 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.

10.04 DISMISSAL OF PERSON HOLDING THE OFFICE OF TRUSTEE

- (1) Subject to section 10.04(2), the Minister may at any time dismiss any person holding the office of Trustee from such office (whether with or without cause).
- (2) The Minister may exercise the dismissal power referred to in section 10.04(1) only in the following manner.
 - (a) Any dismissal effected pursuant to section 10.04(1) may be effected only on the recommendation of the Advisory Board. However, the Minister need not effect a dismissal that has been so recommended but may instead elect to not dismiss the person then holding the office of Trustee.
 - (b) The Minister must deliver a written notice (hereinafter referred to as the “**Trustee Dismissal Notice**”) to the person 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 Dismissal Notice to the person then holding the office of Trustee.
- (3) The Minister will provide a copy of the Trustee Dismissal Notice to each member of the Advisory Board that is then in existence. However, failure to give a copy of the Trustee Dismissal Notice to any Advisory Board member will not invalidate the effectiveness of the Trustee Dismissal Notice.
- (4) If the Minister dismisses a person holding the office of Trustee pursuant to section 10.04(1), the Minister shall appoint a replacement Trustee by written instrument supplementing this Deed.
 - (a) Such appointment will be made no later than the effective date of the dismissal of the person 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 person who is being dismissed from the office of Trustee, such dismissal shall become effective on the effective date of the appointment of the replacement Trustee (even if the effective date of the appointment of the replacement Trustee is less than 60 days after the date of delivery of the Trustee Dismissal Notice).
 - (c) The Minister 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.

10.05 TRANSMISSION OF TRUST PROPERTY

- (1) If a person 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 person appointed as the replacement Trustee.
 - (b) The person 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 person 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.
- (2) If a new person is appointed as Trustee, such new person 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 person will
 - (a) be deemed to have assumed all the duties and obligations attendant on the office of Trustee hereunder;
 - (b) be deemed to have accepted all the terms of the Trust;
 - (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 Deed.

10.06 PERSONS WHO MAY NOT SERVE AS TRUSTEE

The following persons may not serve in the office of Trustee.

- (a) Any person employed by the Province of British Columbia.
- (b) Any minister of Her Majesty in right of the Province of British Columbia.
- (c) Any member of the legislative assembly of the Province of British Columbia.
- (d) Any person who is insolvent or who is an undischarged bankrupt.
- (e) Any person who is not a resident of Canada for purposes of the *Income Tax Act* (Canada).

PART 11 -- POWERS OF THE TRUSTEE

11.01 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 Deed, subject only to such limitations as may be expressly provided in this Deed.

11.02 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 persons as the Trustee may from time to time authorize.

11.03 POWER TO GRANT POWERS OF ATTORNEY

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

11.04 POWER TO INVEST TRUST PROPERTY

- (1) The Trustee may invest and reinvest all or any portion of the Trust Property in any type of investment that is listed in Schedule B to this Deed, which schedule is hereby incorporated in and made part of this Deed.
- (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.

11.05 POWER TO DEMAND INFORMATION

- (1) When deciding whether to make any distribution, 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 decline to make that distribution.
- (2) The Trustee may appoint one or more persons as the Trustee considers appropriate to monitor compliance with the terms and conditions of any Funding Agreement entered into in respect of any distribution and may take account of any recommendations made by any such persons when considering any further distributions.

11.06 POWER TO ESTABLISH PROCEDURES

The Trustee has the power to establish procedures that prospective recipients of Trust funds must follow when requesting a distribution of Trust funds.

11.07 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) The terms and conditions of the new trust are consistent with the Trust Purpose.
 - (b) The terms and conditions of the new trust have been approved by the Minister.
- (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 Eligible Persons from enjoying all of any part of the Trust Property.

11.08 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 11.08 referred to as an "**Adviser**"), even if the Adviser is then a person holding the office of Trustee hereunder.
 - (b) Subject to section 9.02 and to the balance of funds then in the Administration Account, 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 any person holding the office of Trustee is a chartered accountant, certified general accountant, lawyer or a person engaged in any other profession governed by a statute of the Province of British Columbia, such person may charge and be paid all usual professional fees and charges (including disbursements) for all work and business done and all time spent by

(a) such person; or

(b) the firm or any partner of such person;

in relation to the Trust in the same manner as if the person holding the office of Trustee were not a person holding the office of Trustee, but subject at all times to section 9.02 and to the balance of funds then in the Administration Account.

(3) Section 11.08(2) shall apply to matters which might or should have been attended to in person by a trustee not being a chartered accountant, certified general accountant, lawyer or other professional person but which a trustee might reasonably require to be done by 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 has 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.

11.09 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) Subject only to the provisions of any law imposing the relevant Tax, the Trustee may

(a) allocate (or withhold from allocation) any or all amounts that may be relevant for the purpose of any Tax;

(b) make any such allocation in favor of any one recipient of Trust Property to the exclusion of any other recipient of Trust Property; and

(c) may make any such allocation in such manner and in such proportion as the Trustee shall from time to time determine.

(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 any act imposing any Tax, including any election, designation or determination required or permitted to be made jointly with a recipient of Trust Property.
 - (c) Execute all documents and do all things as may be required to give effect to any such elections, designations or determinations.
- (4) 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 person.
- (5) The Trustee shall account for any expenses (other than the payment of any Tax imposed on the income of the Trust) incurred in accordance with this section as Administrative Expenses of the Trust.
- (6) 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.
- (7) As there is some uncertainty as to the proper income tax treatment of payments received from the Trust by Contractors, the Trustee may contribute funds towards the cost of no more than one test case brought to determine the proper income tax treatment of payments received by Contractors from the Trust. Such funding may include any number of appeals in respect of that single case, is not to extend to more than one test case and is to be equal to no more than the lesser of the following amounts.
 - (a) 50% of the total cost of the test case.
 - (b) \$250,000.00

11.10 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 Trust Purpose and the other terms and conditions of this Deed.
- (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.

11.11 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 Deed.
- (b) The validity, legality and enforceability of the remaining powers and authorities set out in this Deed will not be affected or impaired in any way.
- (c) This Deed shall thenceforth be construed and enforced as if the invalid, illegal or unenforceable power or authority had never been included in this Deed.

PART 12 -- LIABILITY OF THE TRUSTEE

12.01 POWER TO LIMIT LIABILITY

The Trustee will be entitled to limit the liability of the Trustee (including any person 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.

12.02 GOOD FAITH EXONERATES TRUSTEE

- (1) A person holding the office of Trustee will bear no liability of any kind whatsoever in respect of any act or omission of that person provided that the person performs the duties of the office of Trustee in good faith.
- (2) A person holding the office of Trustee will be deemed not to have acted in good faith if the person 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 person holding the office of Trustee shall be liable for any of the following if the person 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 judgment 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 Eligible Persons and any other person who receives any portion of the Trust Property shall be deemed to have had notice of the provisions of this section.

12.03 NO REQUIREMENT TO FURNISH BOND

- (1) No person 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 person holding the office of Trustee to post a bond, no surety is to be required in connection with such bond.

PART 13 -- INTERPRETATION AND GENERAL PROVISIONS

13.01 DEFINITIONS

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

- (a) “2003 Trust” has the meaning assigned to that term on the initial page of this Declaration.
- (b) “2003 Trust Deed” has the meaning assigned to that term in the text set out under the heading “Background”.
- (c) “2003 Trustee” has the meaning assigned to that term on the initial page of this Declaration.
- (d) “Administration Account” means the account established pursuant to section 3.01(1)(a).
- (e) “Administrative Expense” has the meaning assigned by section 9.02(2).
- (f) “Advisory Board” means the advisory board established under section 5.01.
- (g) “Alternate Chair” has the meaning assigned by section 5.03(3).
- (h) “Annual Report” has the meaning assigned by section 8.02(1).
- (i) “Bank Account” has the meaning assigned by section 11.02(1).
- (j) “Board Member Dismissal Notice” has the meaning assigned by section 5.05(2).
- (k) “Board Member Resignation Notice” has the meaning assigned by section 5.06(1).
- (l) “Business Day” has the meaning assigned by section 13.06(6).
- (m) “Coast Forest Region”, at any time and from time to time, means the Coast Forest Region (as defined at that time under the *Forest Act*).

- (n) “Contractor” has the meaning assigned by section 2.02(1)(a).
- (o) “Contractor Mitigation Account” means the account established pursuant to section 3.01(1)(c).
- (p) “Declaration”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Declaration of Trust (as supplemented and varied from time to time) together with all other deeds and writings which supplement or implement the provisions of this Declaration of Trust or which are ancillary to the provisions of this Declaration of Trust.
- (q) “Eligible Contractor” has the meaning assigned by section 2.02(2)(c).
- (r) “Eligible Forestry Worker” means an Unemployed Forestry Worker or a Retraining Forestry Worker.
- (s) “Eligible Person” has the meaning assigned by section 2.02(2).
- (t) “*Forest Act*” means the *Forest Act*, R.S.B.C. 1996, c. 157, as amended from time to time.
- (u) “Forest Worker Mitigation Account” means the account established pursuant to section 3.01(1)(b).
- (v) “Funding Agreement” has the meaning assigned by section 6.01(1).
- (w) “Income” has the meaning assigned by section 13.02(1).
- (x) “Initial Property” has the meaning assigned by section 1.01(1)(a).
- (y) “Initial Trustee” has the meaning assigned to that term by section 1.01(3).
- (z) “Major Licensee” has the meaning assigned by section 2.02(1)(b).
- (aa) “Minister” means the minister responsible for the administration of the *Forest Act*.
- (bb) “Mitigation Account” has the meaning assigned by section 3.01(3).
- (cc) “Mitigation Accounts” has the meaning assigned by section 3.01(4).
- (dd) “Nominator” has the meaning assigned by section 5.01(2).
- (ee) “Northern Interior Forest Region”, at any time and from time to time, means the Northern Interior Forest Region (as defined at that time under the *Forest Act*).
- (ff) “Province” has the meaning assigned to that term in the text set out under the heading “Background”.

- (gg) “Qualifying Reduction” has the meaning assigned by section 2.01.
- (hh) “Reduction Date” has the meaning assigned by section 2.02(1)(c).
- (ii) “Retraining Forestry Worker” has the meaning assigned by section 2.02(2)(b).
- (jj) “Southern Interior Forest Region”, at any time and from time to time, means the Southern Interior Forest Region (as defined at that time under the *Forest Act*).
- (kk) “Status Determination Date” has the meaning assigned by section 2.02(1)(d).
- (ll) “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.
- (mm) “Term”, in relation to the Trust, has the meaning assigned by section 1.05(1).
- (nn) “Termination Date” has the meaning assigned by section 1.05(2).
- (oo) “Trust” means the trusts on which the Trustee holds the Trust Property and, where the context so requires, this Deed itself or the Trust Property.
- (pp) “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.
 - (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 of the Trust.
- (qq) “Trust Purpose” has the meaning assigned by section 2.01.
- (rr) “Trustee”, at any time and from time to time, means the person who holds the Trust Property at that time upon the trusts set out in this Deed, whether the Initial Trustee or any other person.

- (ss) “Trustee Act” means the legislation that governs the actions of trustees, as such legislation may exist or be amended or be substituted from time to time, as in force from time to time in the jurisdiction of the Trust (as that jurisdiction may change from time to time).
- (tt) “Trustee Dismissal Notice” has the meaning assigned by section 10.04(2)(b).
- (uu) “Trustee Resignation Notice” has the meaning assigned by section 10.02(1).
- (vv) “Unemployed Forestry Worker” has the meaning assigned by section 2.02(2)(a).

13.02 INCOME OF THE TRUST

- (1) “**Income**” of the Trust or 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 law of trusts together with any and all capital gains realized in respect of any Trust Property.
- (2) Any amount that is not Income of the Trust shall be considered to be capital of the Trust.

13.03 GENDER AND NUMBER REFERENCES

- (1) Unless the context requires otherwise, the following rules of construction shall apply to the interpretation of this Deed.
 - (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.
- (2) Whenever this Deed makes reference to at least a specified percentage or fraction of a number of persons, any resulting part of a whole number shall be rounded up to the next-higher whole number. This principle is illustrated by the following examples.
 - (a) At least $\frac{2}{3}$ of 5 people is a minimum of 3.3 people, which means at least 4 out of the 5.
 - (b) At least $\frac{2}{3}$ of 6 people means at least 4 out of the 6.
 - (c) At least $\frac{2}{3}$ of 7 people is a minimum of 4.67 people, which means at least 5 out of the 7.

13.04 HEADINGS

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

13.05 TRUSTEE TO MANAGE TRUST PROPERTY

No Eligible Person and no potential recipient of Trust Property will be entitled to

- (a) compel the Trustee to dispose of any property or investment that is not producing income or growth; or
- (b) require the Trustee to invest any part of the Trust Property in property or investments of any kind which would produce income or growth or any specific rate of income or growth.

13.06 NOTICES

- (1) Any notice may be given to any person in any of the following ways.
 - (a) By personally delivering it to that person and securing written acknowledgement of such delivery.
 - (b) By delivering it to that person 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 person.
 - (d) By serving it through a process server.
 - (e) By sending it via facsimile transmission.
- (2) Any notice that is delivered or served shall be effective on the date of delivery or service, as the case may be.
- (3) Any notice that is mailed shall be effective on the fifth Business Day after the date of mailing.
- (4) Any notice that is given by facsimile or electronic transmittal shall be effective
 - (a) on the day of transmittal thereof if transmittal is before 3 PM (local time at the location of the recipient) on a Business Day; and
 - (b) in any other case, on the next Business Day.
- (5) If any person giving any notice 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 person will give the notice by a permitted means other than mail.
- (6) The term “**Business Day**” means a day other than a Saturday, Sunday or statutory holiday and, when applied in respect of the giving of a notice, refers to the status of the day in the location of the recipient of the notice.

13.07 SEVERABILITY

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

13.08 LAW GOVERNING THE TRUST

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

BY SIGNING BELOW, Eric van Soeren (both in his capacity as the 2003 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 removes the Initial Property from the 2003 Trust and begins to hold the Initial Property pursuant to this Trust in trust for the beneficiaries on the terms set out in this Declaration.

<p>SIGNED, SEALED AND DELIVERED BY Eric van Soeren (both in his capacity as the 2003 Trustee and in his capacity as the Initial Trustee) in the presence of the following person.</p> <p>_____</p> <p>Signature of Witness</p> <p>_____</p> <p>Print name of Witness</p> <p>_____</p> <p>Print Address of Witness</p>	<p>_____ (s)</p> <p>Eric van Soeren</p>
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BY SIGNING BELOW, the Minister confirms that the Province approves the terms and conditions set out in this Declaration and agrees that those terms and conditions are consistent with the purpose set out in section 2.01 of the 2003 Trust Deed.

<p>SIGNED, SEALED AND DELIVERED on behalf of HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA by the Minister of Forests in the presence of the following person.</p>	
<p>_____ Signature of Witness</p>	
<p>_____ Print name of Witness</p>	
<p>_____ Print Address of Witness</p>	<p>_____(s) The Honourable Rich Coleman, Minister of Forests and Range for the province of British Columbia</p>

**SCHEDULE A TO THE DECLARATION OF TRUST
ESTABLISHING THE BC FORESTRY REVITALIZATION TRUST
II**

TRUSTEE REMUNERATION

1. The Initial Trustee is entitled to be paid remuneration at a rate of \$200 for each hour spent performing the functions of Trustee. Such rate is to be pro-rated for parts of an hour.
2. Effective for 2009 and subsequent calendar years, the rate of remuneration payable to the Initial Trustee may be increased by resolution of the Trustee. Any such increase shall be effective no earlier than April 1 of the calendar year in question and shall be no greater than the average increase in the all-items Consumer Price Index (hereinafter referred to as the “CPI”) for the preceding calendar year, as established by Statistics Canada (or any successor agency) for the province of British Columbia. If no increase is made in respect of a specific calendar year, the foregone increase may be carried forward and applied in a subsequent calendar year as if the CPI for the preceding calendar year were larger by the amount of the foregone increase.
3. A successor in the office of Trustee shall be entitled to receive remuneration at such rate as is approved by the Province by Supplementary Declaration made at the time that the Province appoints such successor to the office of Trustee.
4. Subject to anything contained in the document appointing a successor Trustee, the rules set out in section 2 shall also apply in respect of a successor.

**SCHEDULE B TO THE DECLARATION OF TRUST
ESTABLISHING THE BC FORESTRY REVITALIZATION TRUST
II**

AUTHORIZED INVESTMENTS

Authorized Investments

The Trustee may invest Trust Property in any of the following types of securities.

1. Treasury Bills, bonds or other securities fully guaranteed by one of the following.
 - (a) The government of Canada.
 - (b) The government of any province of Canada.
2. Notes, bonds and asset-backed securities issued by corporations, provided that such notes, bonds and asset-backed securities meet the credit quality requirements described below under the subheading “Credit Quality”.
3. Mortgage-backed securities issued by financial institutions, provided that such mortgage-backed securities meet the credit quality requirements described below under the subheading “Credit Quality”.
4. Term deposits and short-term paper, including bearer deposit notes and banker acceptances and any other obligation fully guaranteed by a financial institution that is then listed in Schedule I or Schedule II of the *Bank Act* (Canada).
5. Other investments (including government or corporate notes, certificates of deposit, bonds and other securities issued by financial sector entities or development agencies operating in British Columbia), of a risk level acceptable to the Trustee.

Assets Mix Range

The following are the allowable asset mix ranges.

Asset Class	Minimum Value (% of Total Assets)	Maximum Value (% of Total Assets)
Money Market	0	65
Bonds	15	85
Government	15	85
Corporate	0	50
Other Investments	0	10

Minimum Credit Quality

The following are the minimum credit quality requirements referred to in paragraphs 2 and 3 above.

- (a). Money market investments with a rating by the Dominion Bond Rating Service (“DBRS”) not less than R1-Low, or an equivalent rating from a recognized rating agency.
- (b). Bonds with an A (low) or higher rating from DBRS or an equivalent rating from a recognized rating agency.
- (c). No more than 10 per cent of the market value of the portfolio may be invested in the debt obligations of any single issuer, with the exception of government or government guaranteed issues.

Foreign Content

There shall be no foreign property in the portfolio. For this purpose, “foreign property” has the meaning assigned to that term for purposes of subsection 206(1) of the *Income Tax Act* (Canada) at the time immediately prior to the repeal of subsection 206(1) by S.C. 2005, c. 30.

General Restrictions

- (a). Securities cannot be sold short or purchased on margin.
- (b). The portfolio cannot employ futures, options or other derivatives.
- (c). The securities cannot be lent.
- (d). Assets must be valued monthly by a recognized external pricing service.