

T O W N O F V U L C A N

By-Law No. 1054

A By-Law of the Town of Vulcan, in the Province of Alberta, to authorize entering into a Reciprocal Insurance Exchange Agreement.

WHEREAS by Sec. 112 of the Municipal Government Act, being Chapter M-26, R.S.A. 1980 and amendments thereto, a Council may pass a by-law that is considered expedient for the peace, order and good government of the Municipality;

AND WHEREAS Section 487 of the Insurance Act, being Chapter I-5, R.S.A. 1980 and amendments thereto, permits any person to exchange with other persons in Alberta and elsewhere reciprocal contracts of indemnity or inter-insurance for any class of insurance for which an insurance company may be licensed under the Insurance Act, except life insurance, accident insurance, sickness insurance and guarantee insurance;

AND WHEREAS Section 489 of the Insurance Act provides that reciprocal contracts of indemnity or inter-insurance may be executed on behalf of subscribers by any other person acting as attorney under a power of attorney;

AND WHEREAS the Board of Directors of Jubilee Insurance Agencies Ltd., being the Town of Vulcan Insurance Agent, has voted unanimously to form a reciprocal exchange with its subscribers for building and contents property insurance;

NOW THEREFORE the Council of the Town of Vulcan, duly assembled, enacts, as follows:


THAT:

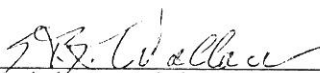
1. The Town of Vulcan enter into a Reciprocal Insurance Exchange Agreement with those persons who executed the Agreement in counterpart, in accordance with Appendix "A" attached hereto and forming a part hereof.
2. The firm of Reed Stenhouse Limited be and is hereby appointed Attorney with Power of Attorney to act on behalf of the Town of Vulcan in its place and stead and in regard to all matters involving the Reciprocal Insurance Exchange Agreement.
3. The Mayor and Municipal Administrator be authorized to execute the said Exchange Agreement and Power of Attorney on behalf of the Town of Vulcan.
4. This By-Law shall have effect from the date of final reading thereof.

READ a first time this 14th day of July A.D. 1986.

READ a second time this 14th day of July A.D. 1986.

READ a third time, by unanimous consent of the Councillors present, and finally passed this 14th day of July A.D. 1986.


Mayor


Municipal Administrator

POWER OF ATTORNEY

IN THE MATTER OF THE JUBILEE RECIPROCAL
INSURANCE EXCHANGE

WHEREAS the Subscribers have formed the JUBILEE RECIPROCAL INSURANCE EXCHANGE (the "Exchange") whereby the Subscribers shall exchange with one another contracts of insurance;

AND WHEREAS the Subscribers have agreed to appoint REED STENHOUSE LIMITED as their Attorney pursuant to the provisions of the Insurance Act for the Province of Alberta, R.S.A. 1980 and amendments thereto (the "Act");

AND WHEREAS REED STENHOUSE LIMITED is prepared to act as Attorney on behalf of the Subscribers pursuant to this Power of Attorney;

IT IS HEREBY AGREED that each Subscriber to the Exchange shall coincidentally with the application for insurance appoint REED STENHOUSE LIMITED its true and lawful Attorney pursuant to the provisions of the Act.

1. The Attorney shall be empowered to act on behalf of the undersigned Subscriber in its place and stead and in regard to all matters involving the Exchange specifically, but without limiting the generality of the foregoing, to:

- (a) Execute all documents on behalf of the Exchange;
- (b) Represent each Subscriber with respect to the Reciprocal Insurance Policy;
- (c) Prepare and file all necessary documents as required by the laws of the Province of Alberta and as may be necessary to give full force and effect to the Exchange and this Agreement;
- (d) Provide all ongoing administration including but not limited to the collection of Premium Deposits from each Subscriber;

- (e) Maintain the Reserve Fund and Guarantee Fund in accordance with the Act;
- (f) Do all such things as are necessary to obtain a License for the Exchange and to maintain the License in good standing;
- (g) Deal with and pay such Claims as may be made against the Subscribers to the Exchange to the limits established from time to time by the Committee;
- (h) Appoint auditors who shall provide the Subscribers and Committee with annual audited financial statements;
- (i) Demand, collect and receive all monies which may become due by the Subscribers under this Agreement or under any policy of insurance;
- (j) Give and to receive all notices necessary or proper under any policy of insurance, and to adjust, compromise and determine all Claims and losses thereunder;
- (k) Open and operate a trust account in the name of the Exchange with any bank or trust company in order to deposit and to distribute funds with respect to the operation of the Exchange;
- (l) Invest funds not immediately required for the operation of the Exchange by direction of the Committee;
- (m) Pay all taxes, fees and other expenses relating to the orderly maintenance and management of the Exchange;
- (n) Do and perform every other act and thing necessary or proper to be done in order to fully carry out and perform the terms hereof.

2. And for all and every of the purposes aforesaid the undersigned hereby grants and gives to the said Attorney full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done aforesaid and also to commence, institute and prosecute all actions, suits and other proceedings which may be necessary or expedient aforesaid as fully and effectually to all intents and purposes as if personally present and acting therein.

3. This Power of Attorney shall be in effect for the period from the date hereof to June 30, 1987.

4. The Attorney shall not be liable in any respect for any loss, damage or expense happening to the Exchange, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Exchange shall be invested, or for any loss or damage arising from bankruptcy, insolvency or tortious acts of person with whom any monies, securities or effects of the Exchange be deposited, or for any loss occasioned by any error of judgment or oversight on its part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of its office or in relation thereto, unless the same are occasioned by its own willful neglect, willful default, fraud or dishonesty; provided that nothing herein shall relieve the Attorney from the duty to act in accordance with this Agreement or from liability for any breach thereof.

IN WITNESS WHEREOF we have set our hand and seal this 1st day of July, 1986.

SIGNED, SEALED AND DELIVERED
in the presence of:

WITNESS

TOWN OF VULCAN

(SUBSCRIBER) Mayor

Municipal Administrator

(219/86/06/23)

RECIPROCAL INSURANCE EXCHANGE AGREEMENT

THIS AGREEMENT made as of the 1st day of July, 1986.

BETWEEN:

THOSE PERSONS WHO HAVE EXECUTED THIS AGREEMENT IN COUNTERPART (hereinafter individually called a "Subscriber" and collectively called "Subscribers")

WHEREAS Section 487 of the Insurance Act, R.S.A. 1980 (the "Act") permits persons to exchange with other persons in Alberta and elsewhere reciprocal contracts of indemnity or inter-insurance for any class of insurance for which an insurance company may be licensed under the Act, except life insurance, accident insurance, sickness insurance and guarantee insurance;

AND WHEREAS the Subscribers wish to enter into this Agreement, pursuant to which the Subscribers will agree to exchange with each other contracts of indemnity or inter-insurance.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the mutual covenants of the parties hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

ARTICLE 1.00 - INTERPRETATION

1.01 Currency

All payments contemplated herein shall be made in Canadian funds.

1.02 Gender and Number

Words importing the singular number only shall include the plural, and vice-versa, and words importing the masculine gender shall include the feminine gender and neuter gender, and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, government or governmental board, agency or instrumentality.

1.03 Headings

The division of this Agreement into articles and sections and the article and section headings are for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

1.04 Calculation of Time Periods

Unless otherwise specified herein or in any insurance policy issued pursuant hereto, when calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which is the reference day in calculating such period shall be excluded. If the last day of such period is a non-business day, the period in question shall end on the next business day.

1.05 Applicable Law

This Agreement shall be construed and enforced in accordance with the rights of the parties hereto and shall be governed by the laws of the Province of Alberta and the laws of Canada applicable therein and the parties hereto do hereby irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

1.06 Severability

If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

1.07 Entire Agreement

This Agreement constitutes the entire agreement among the parties relating to the establishment and operation of a reciprocal insurance exchange and supercedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties with respect thereto.

1.08 Amendments

Any amendment or modification of this Agreement shall be approved by the Committee.

1.09 Waiver

No waiver by any party hereto of any breach of any of the provisions of this Agreement by such party shall take effect or be binding upon the party unless in writing and signed by such party. Unless otherwise provided therein, such waiver shall not limit or affect the rights of such party with respect to any other breach.

1.10 Time of Essence

Time shall be of the essence of this Agreement.

1.11 Successors and Assigns

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

1.12 Counterparts

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

1.13 Further Acts

The parties hereto agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof.

1.14 Definitions

The following words and phrases shall have the meaning ascribed to them, such meaning to be applicable to either the singular or plural form of the word or phrase defined.

- (a) "Act" means the Insurance Act, R.S.A. 1980 and amendments thereto.
- (b) "Associate Member" means an organization or institution whose objects relate to the welfare and advancement of municipal and county rate payers or residents and who has paid membership dues for the year. Without restricting the generality of the foregoing, Associate Member shall include school divisions, school districts, towns, villages, cities, hospital districts, health units, senior citizens' homes, municipal, community and recreation organizations, irrigation districts, water boards and cooperatives supplying electric power or natural gas associations comprised of the said organizations or institutions.
- (c) "Attorney" means Reed Stenhouse Limited as named in the Power of Attorney document and authorized to act for the Subscribers and to execute all documents on behalf of the Exchange.
- (d) "Committee" means such members of the Alberta Association of Municipal Districts & Counties and such members of the Alberta School Trustees Association who form the Committee or Advisory Board and who are responsible for the management of the affairs of the Exchange.
- (e) "Exchange" means the Jubilee Reciprocal Insurance Exchange.
- (f) "Guarantee Fund" means the guarantee or surplus sums required to be maintained by the Attorney pursuant to the Act.
- (g) "License" means the license issued by the Superintendent.
- (h) "Member" means a county or municipal district who has paid membership dues for the year.

- (i) "Policy Period" means the twelve month period commencing from the date of inception of the Reciprocal Insurance Policy issued to a Subscriber.
- (j) "Premium Deposit" means the amount agreed to be contributed by each Subscriber upon execution of a contract of inter-insurance.
- (k) "Reciprocal Insurance Policy" means the actual contract of inter-insurance exchanged by the members and associate members of the Alberta Association of Municipal Districts & Counties the terms of which are set forth in the attached Schedule "A".
- (l) "Reserve Fund" means a sum equal to fifty (50%) percent of the annual Premium Deposits which must be maintained by the Attorney pursuant to the Act.
- (m) "Securities" mean approved securities as permitted by the Act.
- (n) "Subscribers" means the members and associate members of the Alberta Association of Municipal Districts & Counties who agree to exchange a contract of inter-insurance with each other through the Attorney.
- (o) "Superintendent" means the Superintendent of Insurance for the Province of Alberta.
- (p) "Trust Account" means the account or accounts established by the Attorney to hold the Premium Deposits on behalf of the Exchange.

ARTICLE 2.00 - THE RECIPROCAL INSURANCE EXCHANGE

2.01 Establishment of the Reciprocal Insurance Exchange

The Subscribers hereby agree to the establishment of a reciprocal insurance exchange (the "Exchange") as provided for in Part 15 of the Act. The Exchange shall not issue a policy of insurance until a license has been granted by the Superintendent pursuant to the Act.

2.02 Purpose of the Exchange

The Exchange is established for the purpose of permitting the Subscribers to exchange a reciprocal contract of indemnity or inter-insurance as provided for in the Act for property insurance and no other purpose. The Exchange shall have the power to do any and every act and thing necessary, proper, convenient or incidental to the accomplishment of its purpose.

2.03 Name of the Exchange

The name of the Exchange shall be "Jubilee Reciprocal Insurance Exchange". The words "Jubilee Reciprocal Insurance Exchange" shall not be used by any of the Subscribers other than in connection with the affairs of the Exchange.

2.04 Registration of Name

The Subscribers shall effect such registrations with respect to the name "Jubilee Reciprocal Insurance Exchange" as may be necessary or desirable to preserve their ownership right in the name and to ensure use of the name solely in connection with the Exchange.

2.05 Term

The Agreement is effective from and after July 1, 1986 and shall continue in full force and effect until terminated in accordance with Article 9.00 hereof.

2.06 Not a Partnership

Nothing in this Agreement shall be construed to constitute any of the Subscribers a partner, agent or representative of the others or to create any trust or any commercial or other partnership among the Subscribers.

2.07 No Authority to Bind

Except as expressly provided in this Agreement, a Subscriber shall not have any authority to bind the other Subscribers.

2.08 Indemnification for Unauthorized Acts

Each Subscriber (in this section called the "Indemnitor") hereby irrevocably and unconditionally undertakes and agrees to indemnify and save harmless the other Subscribers (in this section called the "Indemnitees") from and against any and all liability, loss, harm, damage, cost or expense, including legal fees, which the Indemnitees may suffer, incur or sustain as a result of any act of the Indemnitor outside the scope of or in breach of this Agreement.

2.09 Several Liability

The obligations of each Subscriber with respect to the Exchange and/or contracts and obligations entered into by or on behalf of the Subscribers in connection with the Exchange shall in every case be several, and not joint and several.

ARTICLE 3.00 - COMMITTEE/ADVISORY BOARD

3.01 (a) Establishment

The Subscribers hereby establish a Committee for the purpose of implementing this Agreement and operating the Exchange (the "Committee").

(b) Appointment of Attorney

The Committee shall appoint an Attorney and execute a Power of Attorney, which Power of Attorney shall provide that the Attorney do such things and sign such documents as are required by the Act, together with such further things and the execution of such other documents as the Committee may determine.

3.02 Power and Authority

Except as otherwise provided for in this Agreement the Committee has the power and authority, and the Subscribers hereby direct the Committee to give any

approvals and to make any decisions and determinations required or permitted to be given or made by the Subscribers with respect to the Exchange in any matter arising under or by virtue of this Agreement including but not limited to:

- (a) Setting the premium rates and additional assessments required of Subscribers pursuant to the provisions of this Agreement, which rates shall include a Subscriber's proportionate share of the expenses of the Exchange;
- (b) Appointment of and directions to the Attorney; and
- (c) Establishing guidelines with respect to loss prevention and making recommendations to the Subscribers in regard to implementing the same.

3.03 Qualification of Members of the Committee

Any individual may be a member of the Committee provided that, and for so long as, he:

- (a) is a person who is eighteen (18) years of age or more;
- (b) is not a person who is of unsound mind, having been so found by a Court in Canada or elsewhere;
- (c) is not a person who has the status of a bankrupt; and
- (d) is an elected official or employee of a Subscriber.

No election or appointment of a person as a member of the Committee shall be effective unless he consents to act as a member of the Committee.

3.04 Constitution of the Committee

The Committee shall be composed of twelve (12) members.

Where there is a vacancy or vacancies in the Committee, the remaining members may exercise all of the powers of the Committee so long as a quorum remains in office.

3.05 Appointment and Term

The Board of Directors of the Alberta Association of Municipal Districts & Counties and the Board of Directors of the Alberta School Trustees Association shall appoint the Committee.

3.06 Resignation

A member may resign from office upon giving a written resignation to the Committee and such resignation becomes effective when received by the Committee or at the time specified in the resignation, whichever is later.

3.07 Vacancies

The Committee may fill a vacancy of the members, provided that such vacancy may not be filled by a person who is an elected official or employee of a Subscriber already represented on the Committee.

3.08 Decisions of the Committee

All decisions of the Committee shall, unless otherwise herein provided for, require the approval of a majority of the members of the Committee voting on an issue.

3.09 (a) Chairman

The Committee shall choose a Chairman. The Chairman shall not have a second or casting vote in respect of any matter voted on by the Committee.

(b) Secretary

The Chairman shall appoint a Secretary who shall keep complete and accurate minutes of all meetings of the Committee.

3.10 Other Officers

The Committee may appoint such other officers and designate such responsibilities to such officers as the Committee shall determine.

3.11 Minutes of Meeting

The minutes of each meeting of the Committee shall be sent by the Secretary of the Committee to each member within fifteen (15) days after the meeting. Any failure by the Secretary to send the minutes of a meeting to each member within fifteen (15) days after the meeting shall not affect the validity of any decisions made at the meeting.

The minutes of any meeting of the Committee shall, if purported to be signed by the Chairman, be prima facie evidence of the facts therein stated.

3.12 Meetings Generally

- (a) The Committee shall hold regular meetings at such times as the Committee shall decide upon from time to time.
- (b) The Chairman may call additional meetings of the Committee if he considers it advisable to do so and shall do so if requested by another member.

3.13 Conference Telephone Meetings

When all members present or participating in a meeting have consented, any member may participate in a meeting of the Committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and a member participating in a meeting in such manner shall be deemed to be present in person at the meeting.

3.14 Notice

The Chairman of the Committee shall give each member written notice of the time and place of each meeting of the Committee at least forty-eight (48) hours (excluding any part of a Sunday and a holiday as defined in the Interpretation Act of Canada for the time being in force) before the time where the meeting is to be held, save that no notice of a meeting shall be necessary if all members are present or if those absent have waived notice in writing to the holding of such meeting. Such waiver, whether given before or after the meeting of which notice is required to be given, shall cure any default in giving such notice.

3.15 Agendas

The notice of each meeting of the Committee shall be accompanied by an agenda and any relevant support materials sufficiently detailed to inform each member of the matters to be considered at the meeting.

A member may require the addition of one or more matters to the agenda of the meeting by written notice thereof to the Chairman. Such notice shall be accompanied by any relevant supporting materials sufficiently detailed to inform each member of the matter or matters to be added to the agenda of the meeting. Such notice and materials shall be delivered in sufficient time to enable the Chairman to comply with his obligations under section 3.14 and this section.

3.16 No Vote on Matters Not on Agenda

Matters which are not referred to in the agenda of the meeting of the Committee shall not be voted on at that meeting unless all the members consent.

3.17 Location of Meetings

Meetings of the Committee shall be held at such place as may be agreed upon the Committee from time to time.

3.18 Quorum

A quorum for a meeting of the Committee shall be seven (7) members.

3.19 Agreement Without Voting

Any matter within the competence of the Committee that is agreed or consented to in writing by every member shall be binding on all the Subscribers.

3.20 Duty of Care

Every member of the Committee, in exercising his powers and discharging his duties, shall:

- (a) Act in good faith, with a view to the best interests of the Subscribers; and
- (b) Exercise the care, diligence and skill that a reasonable prudent person would exercise in comparable circumstances.

3.21 (a) Limitation of Liability

No member of the Committee shall be liable for the acts, receipts, neglects or defaults of any other member in any respect, or for any loss, damage or expense happening to the Exchange, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Exchange shall be invested, or for any loss or damage arising from bankruptcy, insolvency or tortious acts of person with whom any monies, securities or effects of the Exchange, or any member thereof, be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto, unless the same are occasioned by his own willful neglect, willful default, fraud or dishonesty; provided that nothing herein shall relieve any member

from the duty to act in accordance with this Agreement or from liability for any breach thereof.

(b) Indemnity of Members

Every member of the Committee and every former member of the Committee and his heirs and legal representatives shall, from time to time, be indemnified and saved harmless by the Subscribers from and against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a member of the Committee if:

- (i) He acted in good faith, with a view to the best interests of the Exchange; and
- (ii) In the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

(c) Liability Insurance

The Committee may purchase and maintain insurance for the benefit of any person referred to in this section 3.21 against any liability incurred by him in his capacity as a member of the Committee, except where the liability relates to his failure to act in good faith, with a view to the best interests of the Exchange.

ARTICLE 4.00 - OTHER FINANCIAL AND ACCOUNTING MATTERS

4.01 Accounting Period

Accounts for the Exchange shall be prepared and settled as of June 30th in each year or as of any other date the Committee may agree upon.

4.02 Books and Records

Proper and complete books, records, reports and accounts of the Exchange shall be kept at the principal office of the Exchange and shall be open and available for inspection and copying by any one of the Subscribers or its authorized representative at any reasonable time during normal business hours. The said books and records shall fully and accurately reflect all transactions of the Exchange and shall be maintained in conformity with generally accepted accounting principles.

4.03 Subscriber's Accounts

Individual accounts shall be kept showing each Subscriber's participation in the operations and the operating results of the Exchange.

4.04 Annual Reports

Within sixty (60) days after the receipt of the audited financial statements the Committee shall furnish to each Subscriber an annual report consisting of:

- (a) A summary of premiums received during the year;
- (b) A summary of Claims made during the year;
- (c) A summary of Claims paid during the year;
- (d) A statement of the financial position of the Exchange at the end of such year; and
- (e) Any additional information that the Committee, the Subscribers or the Superintendent may require.

The said financial statements shall be audited.

4.05 Annual Statements

The Committee shall only be required to provide the Subscriber once yearly with a statement of the details of his account as provided for in Section 4.03.

4.06 Other Financial Information

The Committee shall provide the Subscribers with such other financial information as it deems necessary or as may be required under the Act.

4.07 Bank Accounts

The bank of the Exchange shall be such Canadian bank or banks as the Committee may from time to time determine. All monies from time to time received on account of the Exchange shall be paid immediately into the bank account of the Exchange.

The Committee may establish an imprest account for the payment of expenses incurred in connection with the operation of the Exchange, which account shall be funded by the transfer of funds from the general account as required. The amount of such account and the person or persons authorized to draw thereon shall be determined by the Committee from time to time.

4.08 Execution of Documents

All documents, instruments or agreements having a legally binding effect on the Subscribers shall be signed by the Attorney designated for that purpose by the Committee from time to time.

4.09 Payment for Services

Except as determined by the Committee from time to time, no payment shall be made to any member of the Committee for his services in acting as a member of the Committee, provided that any member shall be entitled to reimbursement of any expenses incurred in acting as a member of the Committee.

ARTICLE 5.00 - THE ATTORNEY

5.01 Appointment

The Committee appoints Reed Stenhouse Limited as the Attorney of the Exchange.

5.02 Powers and Duties

The powers and duties of the Attorney are as follows:

- (a) To execute all documents on behalf of the Exchange;
- (b) To represent each Subscriber with respect to the Reciprocal Insurance Policy;
- (c) To prepare and file all necessary documents as required by the laws of the Province of Alberta as may be necessary to give full force and effect to the Exchange and this Agreement;
- (d) To provide all ongoing administration including but not limited to the collection of Premium Deposits from each Subscriber;
- (e) To maintain the Reserve Fund and Guarantee Fund in accordance with the Act;
- (f) To do all such things as are necessary to obtain a License for the Exchange and to maintain the License in good standing;
- (g) To deal with and pay such Claims as may be made against the Subscribers to the Exchange to the limits established from time to time by the Committee;
- (h) To appoint auditors who shall provide the Subscribers and Committee with annual audited financial statements;

- (i) To demand, collect and receive all monies which may become due by the Subscribers under this Agreement or under any policy of insurance;
- (j) To give and to receive all notices necessary or proper under any policy of insurance, and to adjust, compromise and determine all Claims and losses thereunder;
- (k) To open and operate a trust account in the name of the Exchange with any bank or trust company in order to deposit and to distribute funds with respect to the operation of the Exchange;
- (l) To invest funds not immediately required for the operation of the Exchange by direction of the Committee;
- (m) To pay all taxes, fees and other expenses relating to the orderly maintenance and management of the Exchange;
- (n) To do and perform every other act and thing necessary or proper to be done in order to fully carry out and perform the terms hereof.

5.03 Upon subscribing, each Subscriber hereby irrevocably appoints for the Policy Period the Attorney to act on behalf of each Subscriber in all matters involving the Exchange.

5.04 The Attorney shall not be liable in any respect for any loss, damage or expense happening to the Exchange, or for the insufficiency or deficiency of any security in or upon which any of the monies of the Exchange shall be invested, or for any loss or damage arising from bankruptcy, insolvency or tortious acts of person with whom any monies, securities or effects of the Exchange be deposited, or for any loss occasioned by any error of judgment or oversight on its part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of its office or in relation thereto, unless the same are occasioned by its own willful neglect, willful default, fraud or dishonesty; provided that nothing herein shall relieve the Attorney from the duty to act in accordance with this Agreement or from liability for any breach thereof.

ARTICLE 6.00 - SUBSCRIBERS

6.01 Meetings Generally

There will be meetings of the Subscribers as may be called from time to time by the Committee.

6.02 Conference Telephone Meetings

When all Subscribers present or participating in a meeting have consented, any Subscriber may participate in a meeting of the Subscribers by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and a Subscriber participating in a meeting in such manner shall be deemed to be present in person at the meeting.

6.03 Notice

The Chairman shall give each Subscriber written notice of the time and place of the annual meeting of Subscribers not less than ten (10) days before the day on which the meeting is to be held. A meeting of Subscribers may be held at any time without notice if all the Subscribers are present or those not so present have waived notice of such meeting. Such waiver, whether given before or after the meeting of which notice is required to be given, shall cure any default in giving such notice.

6.04 Agendas

The notice of each meeting of Subscribers shall be accompanied by an agenda and any relevant support materials sufficiently detailed to inform each member of the matters to be considered at the meeting.

A Subscriber may require the addition of one or more matters to the agenda of the meeting by written notice thereof to the Chairman. Such notice shall be accompanied by any relevant supporting materials sufficiently detailed to inform each Subscriber of the matter or matters to be added to the agenda of the meeting. Such notice and materials shall be delivered in sufficient time to enable the Chairman to comply with his obligations under section 6.03 and this section.

6.05 No Vote on Matters Not on Agenda

Matters which are not referred to in the agenda of the meeting of the Subscribers shall not be voted on at that meeting unless all the members consent.

6.06 Location of Meetings

Meetings of the Subscribers shall be held at such place as the Committee may from time to time designate.

6.07 Representatives

At the meetings each Subscriber shall be entitled to one vote.

ARTICLE 7.00 - MEMBERS

7.01 Eligibility for Membership

Any Member or Associate Member of the Alberta Association of Municipal Districts & Counties shall be eligible for membership in the Exchange provided that:

- (a) Such Member or Associate Member provides the Committee with satisfactory evidence that it has the authority to enter into this Agreement and carry out its responsibilities hereunder.
- (b) Such Member or Associate Member executes a counterpart of this Agreement.
- (c) Such Member or Associate Member complies with such other conditions as may be determined by the Committee from time to time.

7.02 Application for Membership

- (a) Any Member or Associate Member wishing to become a Subscriber shall make application to the Committee, which application shall contain such information as the Committee shall determine from time to time.
- (b) The Committee, upon receiving an application for membership, shall consider such application, request such additional information as it may require, and shall thereafter notify the applicant whether its application has been accepted or rejected.
- (c) An applicant shall co-operate with the Committee in providing the Committee with such information and documentation as it may require in order to enable it to arrive at its decision.
- (d) Membership of an applicant shall commence upon the Committee notifying it in writing of the acceptance of its application for membership.

7.03 Termination of Membership

- (a) The Committee is empowered to remove a Subscriber by providing such Subscriber with a notice in writing to that effect, in the event that:
 - (i) The Subscriber fails to comply with any term of this Agreement or any recommendation given by the Committee pursuant to Section 3.02 after having been given thirty (30) days' written notice by the Committee of the details of its failure to comply; or

- (ii) Ceases to be eligible for membership in accordance with the provisions of Section 7.01; or
 - (iii) Fails to pay any premium or other assessment promptly when due.
- (b) A Subscriber may resign from membership in the Exchange at any time from the effective date of its becoming a Subscriber, provided that:
- (i) It provides the Committee with six (6) months' written notice of its intention to resign, in which event, such resignation shall take effect upon the expiry of such six-month period; and
 - (ii) The Subscriber agrees in writing to remain liable for all liabilities or assessments in future years in respect of claims arising prior to the effective date of its resignation, or makes suitable arrangements with the Committee to buy out its future liabilities.
- (c) Upon termination or resignation the Subscriber acknowledges that it:
- (i) Shall have no right to repayment or refund of any premium deposit paid for any particular Policy Period except at the sole discretion of the Committee;
 - (ii) Shall have continuing liability for all claims presented for any Policy Period during which it was a Subscriber;
 - (iii) Shall have any existing policy of insurance cancelled.

7.04 Continuing Liability

In the event that a Subscriber resigns or is removed as a Subscriber of the Exchange, such Subscriber shall continue to be responsible for any assessments or

liabilities arising after it ceases to be a Subscriber in respect of claims arising prior to the effective date of its termination of membership in the Exchange, unless satisfactory arrangements are made with the Committee to buy out such liability.

ARTICLE 8.00 - OPERATION OF THE EXCHANGE

8.01 Issuance of the Insurance Policy

The Exchange, by its Attorney, shall exchange insurance amongst the Subscribers, and in this regard, shall execute and deliver to Subscribers a policy of insurance. For the purposes hereof, attached hereto as Schedule "A" is a sample form of the insurance policy proposed in respect of property insurance.

8.02 Terms and Conditions of Issue of the Policy

The following terms and conditions shall apply to the operation of the Exchange and the issue of the insurance policy by it:

- (a) The maximum limit of liability available for any one loss will be FIVE HUNDRED THOUSAND (\$500,000.00) DOLLARS. For the purposes of the property policy a risk shall mean a complete structure or building standing alone, identifiable as to location and value, and with at least ten (10) feet of separation from any other structure.
- (b) The total losses for which the Exchange will be responsible in any one year shall be limited in the aggregate to TWO MILLION FIVE HUNDRED THOUSAND (\$2,500,000.00) DOLLARS.

Insurance will be purchased to cover losses in excess of this amount, up to a maximum of TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS for any one loss.

- (c) The Exchange insurance policy will provide for a deductible of \$1,000.00, \$2,500.00 or \$5,000.00 per loss depending upon the Subscriber which amount shall be the responsibility of the Subscriber.

8.03 Determination of Premiums Payable

The Committee shall, in each Policy Period, determine the premium payable by each Subscriber, having regard to the following:

- (a) The insurance required by the Subscriber;
- (b) The limitations provided for in this Agreement;
- (c) The base rate to be paid by each Subscriber based on the risks that the Subscriber is exposed to as determined by the Committee; and
- (d) Such other factors as the Committee may deem relevant.

8.04 Additional Assessments

- (a) The Subscribers acknowledge that they may be responsible for additional assessments in any Policy Period, based on the actual loss experience of individual Subscribers pursuant to the insurance policy issued to them and based on any amounts owing to the Exchange which the Exchange is unable to collect.
- (b) In the event that a further assessment is required, the Committee shall so notify each Subscriber, setting forth the additional assessment for which each such Subscriber is responsible, and setting out in reasonable detail the reasons for the additional assessment.

8.05 Obligation to Pay

Each Subscriber covenants and agrees to pay forthwith when due any annual premium or additional assessment required pursuant to the terms of this Agreement.

8.06

Potential Reduction of Premiums

- (a) In the event that the Committee, in its absolute discretion, determines that the Exchange has accumulated funds in excess of those required to meet the obligations of the Exchange in respect of claims arising in any one Policy Period, the Committee may reduce the actual determined rate for policies of insurance in any subsequent Policy Period.
- (b) In this regard, the Committee shall, in its absolute discretion, have the authority to declare any Policy Period closed, that is, that the Committee is satisfied that no further claims against the Exchange will arise in respect of that particular Policy Period.

ARTICLE 9.00 - TERMINATION

9.01

- (a) The Committee may terminate the Exchange by an unanimous Resolution.
- (b) The Exchange shall terminate in the event that it fails to receive a licence pursuant to Part 15 of the Act, or in the event that any such licence is revoked or is not renewed.
- (c) Upon termination, the assets of the Exchange after payment of all obligations, and after setting aside an adequate reserve for future claims, shall be returned to the Subscribers in the proportions in which the Subscribers shared losses in the Policy Period during which the termination takes place.
- (d) Notwithstanding the termination of the Exchange, each Subscriber shall continue to be responsible for its proportionate share of any claims which may arise subsequent to such termination, unless satisfactory arrangements are made to buy out such liability.

- (e) Subject to any conditions imposed by the Superintendent, the Exchange shall be empowered to continue in operation for the limited purpose of winding-up the affairs of the Exchange and, for such purpose, this Agreement shall remain in full force and effect until all obligations of the Exchange have been fulfilled. Notwithstanding the foregoing, once an event of termination has occurred, the Exchange shall not exchange or cause to be exchanged any further contracts of indemnity or inter-insurance.

ARTICLE 10.00 - GENERAL PROVISIONS

10.01 Notice

All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one party to another shall be given in writing and served personally, or sent by letter, postage prepaid, addressed to:

- (a) Each Subscriber at the address noted below his signature; and
- (b) To the Exchange at:

Alberta Association Municipal
Districts & Counties
4504 - 101 Street
Edmonton, Alberta
Attention: Mr. J. D. Edworthy

with a copy to:

Alberta School Trustees Association
12310 - 105 Avenue
Edmonton, Alberta
Attention: Ms. J. Anderson

- (c) To the Attorney at:

Reed Stenhouse Limited
2100, Royal Trust Tower
Edmonton Centre
Edmonton, Alberta
Attention: Mr. A. J. Folliott

with a copy to:

Jubilee Insurance Agencies Ltd.
4504 - 101 Street
Edmonton, Alberta
Attention: Mr. J. D. Edworthy

or at such other address as may be given by any of them to the others in writing from time to time, and such notices, requests, demands, acceptances and other communications shall be deemed to have been received when delivered, or if sent by letter, shall be deemed to have been received on the fifth day following the date of mailing the letter.

ARTICLE 11.00 - ARBITRATION

11.01 If any dispute occurs among the parties hereto with respect to any matter, the matter in dispute shall be settled by arbitration as follows:

- (a) Any Subscriber (the "Disputing Subscriber") may notify the Committee and the Attorney hereto in writing that a dispute (hereinafter referred to as a "Dispute") has arisen;
- (b) If the Dispute goes unresolved for fifteen (15) days (hereinafter referred to as the "Period of Resolution"), the Disputing Subscriber and the Committee shall within ten (10) days from the termination of the Period of Resolution (hereinafter referred to as the "Period of Appointment"), appoint one (1) arbitrator, if they can agree upon one;
- (c) Failing such appointment within the Period of Appointment, the Disputing Subscriber and the Committee shall each have ten (10) days from the expiry of the Period of Appointment to appoint an arbitrator (hereinafter referred to as the "Second Period of Appointment");
- (d) Within ten (10) days from the expiry of the Second Period of Appointment, the two (2) arbitrators so appointed shall appoint a third arbitrator;

- (e) In the event that the two arbitrators so named cannot agree on a third arbitrator within ten (10) days of the expiry of the Second Period of Appointment, then the President of the Alberta Association of Municipal Districts & Counties shall act as a third arbitrator;
- (f) In the event that one of the parties to the dispute fails to nominate an arbitrator within the Second Period of Appointment the arbitrator who has been appointed pursuant to the provisions of this Agreement by one of the parties to the dispute shall alone decide any dispute;
- (g) The decisions of the arbitrators or arbitrator in any matter shall be final and binding on the parties and there shall be no appeal or any other judicial review whatsoever;
- (h) Notwithstanding the foregoing, any procedure for settling a dispute which is contained in any policy of insurance issued pursuant to this Agreement and which is consistent with the provisions of this Section 11.01 shall supercede the arbitration provisions of Section 11.01;
- (i) The decisions of the arbitrators or arbitrator in any matter shall otherwise proceed in accordance with the provisions of the Arbitration Act (Alberta).

IN WITNESS WHEREOF the parties have properly executed this Agreement
this 1st day of July, 1986.

JUBILEE RECIPROCAL INSURANCE
EXCHANGE BY ITS ATTORNEY REED
STENHOUSE LIMITED

Per: _____

Per: _____

TOWN OF VULCAN

Mayor

Municipal Administrator