

SCHEDULE "A"

MEMBERSHIP AGREEMENT

THIS AGREEMENT made effective the 30th day of January, 2001.

BETWEEN:

THE TOWN OF LACOMBE
(hereinafter referred to as "Member")

- and -

LACOMBE REGIONAL FIRE SERVICE ASSOCIATION
(hereinafter referred to as the "Society")

WHEREAS the Member has applied for Membership in the Society pursuant to Section 3.1 of the Bylaws of the Society;

AND WHEREAS it is a condition of Membership in the Society that this Agreement for Membership be executed by the Member;

AND WHEREAS the Board of Directors of the Society, subject to compliance by the Member with all requirements pursuant to the Bylaws, has resolved to admit the Member as a Member of the Society;

NOW THEREFORE, that in consideration of the payment of the sum of Ten (\$10.00) Dollars by the Member to the Society and that the premises and the mutual agreements and conditions herein contained the parties hereby agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Agreement unless there is something in the context inconsistent therewith the following words and phrases will have the following meanings

- (a) "Act" means the Societies Act RSA 1980 c-s18, as amended from time to time;
- (b) "Advances" means all outstanding amounts due and owing from time to time by the Society to a Member;
- (c) "Allocation Formula" means that formula set forth in Appendix "A" hereto;
- (d) "Appoint" includes "elect" and vice versa;

- (e) "Board" means the Board of Directors of the Society;
- (f) "Bylaws" means the Bylaws of the Society as from time to time amended or restated;
- (g) "Director(s)" means the Director(s) as defined and empowered in the Bylaws;
- (h) "Effective Date" means the date hereof;
- (i) "Guarantee" means any agreement by way of guarantee given or to be given, as the case may be, by one or more of the Members for the repayment of any indebtedness of the Society;
- (j) "Member's Interest" means all right, title and interest of a Member in and to any Advances and any other right or claim a Member may have against the Society as a Member;
- (k) "Officer(s)" means any officer(s) of the Society;
- (l) "Parties" means the parties to this Agreement;
- (m) "Prime Rate" means the percentage rate of the interest per annum which is established and charged from time to time by the financial institution of the Society, on loans to its most creditworthy and preferred commercial borrowers; and
- (n) "Triggering Event" means any one or more of the following:
 - (i) the failure by the Member to obtain, perform or carry out any of its obligations hereunder where such failure continues for thirty (30) days after notice in writing from the Society demanding that such default be cured; and
 - (ii) the failure by the Member to take reasonable action to prevent or defend any action or proceedings whereby any of its Member's Interest is seized or if there be an execution or attachment thereof, where such failure continues for thirty (30) days after the Society has demanded in writing that the Member take such reasonable action and the Member fails to take any such action or proceedings.

1.2 Defined Terms

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

ARTICLE 2 - IMPLEMENTATION OF AGREEMENT

2.1 Effective Agreement

The Member shall vote in such a way as to fully implement the terms and conditions of this Agreement and shall take such steps as are necessary to remove any Director who refuses to exercise his discretion in accordance with the terms of this Agreement.

2.2 Conflict

In the event of any conflict between the provisions of this Agreement and the Bylaws, the provisions of this Agreement shall govern. The Member agrees to vote so as to cause the Bylaws to be amended to resolve any such conflict in favour of the provisions of this Agreement.

2.3 Effective Date

All of the mutual covenants and agreements herein contained became effective and binding upon the Parties as and from the Effective Date and this Agreement shall continue in full force and effect from the Effective Date until termination in accordance with the terms of this Agreement.

2.4 Termination

This Agreement shall cease and terminate on the occurrence of any of the following events, namely:

- (a) the bankruptcy or receivership of the Society;
- (b) the passing of a resolution for winding up the Society or the winding up of the Society pursuant to the Act; or
- (c) the execution of any agreement of termination in writing by the Parties.

ARTICLE 3 - CONDUCT OF THE AFFAIRS AND BUSINESS OF THE SOCIETY

3.1 Board of Directors

The Member agrees that the affairs of the Society shall be managed by the Board of Directors appointed in accordance with Section 15.1 of the Bylaws and, provided that, the Member remains a Member in good standing of the Society, including, but not limited to satisfaction of the requirements by the Society to pay the Membership Fee and any budgetary contribution that is required annually, the Member shall be entitled to appoint the number of Directors to the Board of Directors as set forth in Section 15.1 of the Bylaws.

3.2 Appointment of Directors

The Member shall immediately upon becoming a Member notify the Society in writing of the name of the designate(s) of the Member to act as a Director(s) and shall, from time to time, notify the Society in writing upon the request of the Society of the identity of such Director(s).

3.3 Vacancies, Board of Directors

Without restricting the foregoing, the Member specifically agrees to the provisions contained in Section 17.1(b) of the Bylaws.

3.4 Conduct of the Affairs of the Society

The Member agrees that, unless otherwise authorized by a resolution passed by at-least Sixty-six and Two-thirds (66 2/3%) Percent of the Members or consented to in writing by all of the Members, the Members shall not cause or permit the Society and the Board shall not authorize the Society to:

- (a) take or institute any proceedings for the winding up, reorganization or dissolution of the Society;
- (b) make any expenditure that is not approved in accordance with ARTICLE 31 of the Bylaws;
- (c) sell, lease or exchange all or substantially all of the property of the Society other than in the ordinary course of business;
- (d) make any payment in reduction of any Advances;
- (e) be continued as a body corporate under the laws of another jurisdiction;
- (f) reorganize;
- (g) purchase or sell any real or immovable property;
- (h) enter into any partnerships or joint ventures;

- (i) amend, repeal, or enact any Bylaws other than those already in place;
- (j) enter into any contract outside of the Society's ordinary course of business;
- (k) make a general assignment for the benefit of creditors;
- (l) make a voluntary assignment to a trustee in bankruptcy;
- (m) borrow money on the credit of the Society in excess of Ten Thousand (\$10,000.00) Dollars; or
- (n) mortgage, pledge or otherwise create a security interest in all or any property of the Society owned or subsequently acquired, to secure any obligation of the Society.

3.5 Operations and Banking

The Member acknowledges and agrees that:

- (a) all monies received on account of the Society's operations from time to time shall be immediately paid into the bank of the Society and all disbursements in respect of the Society expenditures shall be paid by cheque on such bank;
- (b) any two of the Chairman, Vice-Chairman, Secretary, Treasurer (or in the place of a Secretary and a Treasurer, a Secretary-Treasurer), are authorized to make, sign, draw, accept, negotiate, endorse, execute and deliver all or any cheques, promissory notes, drafts, acceptances, bill of exchange, orders for the payment of money, and other instruments whether negotiable or not on behalf of the Society;
- (c) except as otherwise set forth herein, no Member, Director, or Officer shall, without the consent of any two of the Chairman, Vice-Chairman, Secretary, Treasurer (or in the place of a Secretary and a Treasurer, a Secretary-Treasurer) sign, draw, accept, endorse, execute, and deliver all or any cheques, promissory notes, drafts, acceptances, bills of exchange, orders for the payment of money, and other instruments whether negotiable or not, in the name of the Society or in any matter pledge the credit of the Society except in the usual and regular course of business; and
- (d) the Society shall keep detailed records and books of account prepared in accordance with generally accepted accounting principles. The Society shall obtain and distribute to each Member of the Society, within seven (7) days of receipt thereof, annual audited

financial statements prepared by a firm of chartered accountants licensed to practice in the Province of Alberta.

ARTICLE 4 – FINANCING

4.1 Budget

All operating and capital expenditures of the Society shall be in accordance with a budget for the upcoming fiscal year, which shall be presented by the Directors at each annual general meeting of the Society. The budget must be approved by not less than Sixty-six and Two-thirds (66 2/3%) percent of the Members of the Society. If the budget is not approved at the annual general meeting, the Directors shall, as soon as reasonably possible, lay before a subsequent general meeting of the Society a revised budget for approval and such process shall continue until the budget for the subject fiscal year has been approved.

4.2 Allocation Formula

The Members of the Society, in accordance with the Allocation Formula, shall provide all capital, operating, closure and replacement funds required to construct, maintain, manage, operate, use, replace and reclaim any of the assets of the Society. The Board shall provide notice of payment of the Member's share of the funds required as per the Allocation Formula to the Member following the approval of the budget for the then current fiscal year.

4.3 Member Advances

If authorized by not less than Sixty-six and Two-thirds (66 2/3%) Percent of the Members, the Treasurer (or in the place of a Treasurer, a Secretary-Treasurer) may make a written request to each Member of the Society for financial assistance (to be considered an Advance) to be made by each Member of the Society in accordance with the Allocation Formula. The Member agrees to advance the monies so requested within thirty (30) days of receipt of the written request therefor. No Advances shall bear interest and the Member agrees that it shall not demand repayment of any Advances. If the Society repays any Advances in whole or in part, it shall, subject to any express agreement amongst all of the Members of the Society to the contrary, do so in accordance with the Allocation Formula.

4.4 Requirements to Pay Share of Allocation Formula and Member Advances

Notwithstanding any provision contained herein to the contrary, the obligation by the Member to pay its share of the funds pursuant to the Allocation Formula

and Member Advances in accordance with this Agreement is and shall remain a condition precedent to Membership status in the Society. Parties agree that failure to pay such funds pursuant to the Allocation Formula or Member Advances as required by the Society will entitle the Society to terminate the Membership of the Member.

ARTICLE 5 - DEFAULT

5.1 Remedies

Upon the occurrence of a Triggering Event, the Society may do any one or more of the following:

- (a) pursue any remedy against the Member available to it at law or in equity, it being acknowledged that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for a default;
- (b) take such actions as may reasonably be required, to cure the default, in which event all payments, costs and expenses incurred therefor shall be payable by the Member to the Society on demand with interest at a rate equal to the Prime Rate in effect at the time plus two (2%) percent per annum; or
- (c) waive the default provided, however, that any waiver of a particular default shall not operate as a waiver of any subsequent or continuing default.

ARTICLE 6 – ALLOCATION OF RISK AND LIABILITY

6.1 Costs and Risks

All costs and risks relating to the Society and the conduct of the business of the Society, as between the Members, shall be apportioned and limited in accordance with the percentage allocation of liability for each Member as set forth in the Allocation Formula. The Member specifically agrees that it will take such actions as may be required to ensure that its contribution arising out of any such liability is apportioned strictly in accordance with the Allocation Formula. This Section 6.1 shall survive the termination of the Membership of the Member and the termination of this Agreement.

6.2 Member Expenses

The Member shall bear all expenses with respect to payment of per diem consideration and reimbursement of expenses to any and all of its representatives

attending any meeting of the Society or any meeting of the Board and in no event shall any of the aforementioned expenses be borne by the Society.

ARTICLE 7 - WITHDRAWAL AND NEW MEMBERS

7.1 Termination

The Member may terminate Membership in the Society only in accordance with Section 6.1 of the Bylaws. Upon termination of its Membership, the Member shall have no claim to any operating surplus or assets (tangible or intangible) of the Society in any manner.

7.2 Apportionment

If the any Member becomes jointly and severally liable for any matter relating to the Society, the respective liability of each of the Members, as between themselves, shall be apportioned and limited in accordance with the respective percentage allocation of each Member as set forth in the Allocation Formula and adjusted to take into account the period during which the liability relates and the Member was a Member. The Member specifically agrees that it will take such action as may be required to ensure that its contribution arising out of any such liability is apportioned strictly in accordance with the Allocation Formula notwithstanding the termination of its Membership and the obligations stated herein shall survive the termination of the Membership of the Member and the termination of this Agreement.

ARTICLE 8 - DISTRIBUTION OF PROPERTY

8.1 Dissolution or Winding Up

Upon the dissolution or winding up of the Society and after payment of all debts and liabilities of the Society, the remaining property of the Society shall be distributed to those Members of the Society in accordance with the percentage allocation for each Member of the Society as calculated in the Allocation Formula. The Member specifically agrees that it will take such actions as may be required to ensure that such distribution occurs strictly in accordance with the Allocation Formula.

ARTICLE 9 - GENERAL PROVISIONS

9.1 Further Assurances

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

9.2 Assignment of Agreement

No party hereto shall assign its interest in this Agreement, or any part hereof, in any manner whatsoever without having first received written consent from all other parties hereto, such consent not to be unreasonably withheld, PROVIDED THAT in no event shall any assignment which may have been consented to release or relieve the assignor from its obligations to fully perform all of the terms, covenants and conditions of this Agreement on its part to be performed.

9.3 Notices

Any notice required to be given hereunder by any Party shall be deemed to have been well and sufficiently given if:

- (a) delivered personally;
- (b) mailed by regular mail to the address of the Party to whom it is intended set for:
- (c) by sending a facsimile transmission or by any other like method by which a written or recorded message may be sent addressed to the Member, Associate Member or Director at its address as the same appears on the records of the Society.

A notice or other document sent by post shall be deemed to be sent at the time when the same was deposited in a post office or public letter box as aforesaid and any notice mailed shall be deemed to have been received on the fourth (4th) day after the date it is postmarked. A notice or other document sent by facsimile transmission or by any other like method by which a written or recorded message may be sent shall be deemed to be delivered at the time when the same was transmitted by the sender.

9.5 Entire Agreement

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

9.6 Unenforceable Terms

If any term, covenant or condition of this Agreement or the application thereof to any Party or circumstance shall be invalid or unenforceable to any extent the remainder of this Agreement or application of such term, covenant or condition to a Party or circumstance other than those to which it is held invalid or unenforceable shall not be

affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and shall be enforceable to the fullest extent permitted by law.

9.7 Amendments

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

9.8 Remedies Not Exclusive

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

9.9 Preamble and Schedules

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

9.10 No Waiver

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

9.11 Counterparts

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

9.12 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta.

9.13 Time

Time shall be of the essence of this Agreement.

9.14 Survival

The parties hereto acknowledge that the provisions of this Agreement which are intended to survive the expiry or termination of this Agreement or the withdrawal of a party to this Agreement shall survive such expiry, termination or withdrawal and shall not be merged therein or therewith provided that the obligations of the parties hereto relating to survival of the terms contained herein are restricted to the time during which the parties hereto have been parties to this Agreement.

9.15 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

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

TOWN OF LACOMBE

Per: _____

Per: _____

LACOMBE REGIONAL FIRE SERVICE ASSOCIATION

Per: _____

Per: _____

Appendix "A"

Allocation Formula

Operational Costs:

The allocation of operational costs between the Town of Lacombe and Lacombe County for services provided by the Lacombe Regional Fire Services Association will be calculated on or about January 1st of each year of this agreement using the following formula:

$$\frac{\text{Number of calls from within the geographic boundaries of the Member in the past three (3) years}}{\text{Total number of calls from within the geographic boundaries of the Town of Lacombe and Lacombe County in the past three (3) years}}$$

Capital Costs:

The capital costs of the Lacombe Regional Fire Services Association will be shared on a 50/50 basis between the Town of Lacombe and Lacombe County.

Note: For any members of the Society other than the Town of Lacombe and Lacombe County, their share of the operational and capital costs will be determined by resolution of the Board.