

B.C. FERRY AUTHORITY

GENERAL BY-LAWS

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B.C. FERRY AUTHORITY

(the "Authority")

GENERAL BY-LAWS

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law relating generally to the conduct of the affairs of the Authority, as follows:

PART 1

INTERPRETATION

Definitions

- 1.1 In these by-laws, except as the context otherwise requires:
- (a) "Act" means the *Coastal Ferry Act* (British Columbia), as from time to time amended, including the regulations thereunder, from time to time in force;
 - (b) "board" means the board of directors of the Authority from time to time and includes, to the extent that it has authority to act, a committee;
 - (c) "by-laws" means this by-law and all other by-laws of the Authority from time to time in effect;
 - (d) "committee" means a committee of one or more directors appointed in accordance with these by-laws;
 - (e) "recorded address" means in the case of a director, officer, or auditor, such person's most recent address as recorded in the records of the Authority;
 - (f) "signing officer" means, in relation to any instrument, a person authorized to sign the instrument on behalf of the Authority by the by-laws or by a resolution passed by the directors; and
 - (g) unless otherwise expressly provided in the by-laws a word or expression defined in the Act has the meaning so defined.

Interpretation

- 1.2 In the interpretation of the by-laws:
- (a) words importing singular number include the plural and vice versa;
 - (b) words importing gender include the masculine, feminine and neuter; and
 - (c) a word importing a person includes an individual, body corporate, partnership, trust, estate and an unincorporated organization.

Headings

1.3 The division of a by-law into parts and the headings of parts and sections will be considered as for convenience of reference only and will not affect the construction or interpretation of the by-law.

Conflict with Act

1.4 To the extent that there is any conflict between a provision of the by-laws and a provision of the Act, the provisions of the Act will prevail.

Void, Illegal or Invalid Provisions

1.5 Each provision of the by-laws is intended to be severable, and the unenforceability or invalidity of any provision will not affect the enforceability or validity of any other provision of the by-laws.

PART 2

OPERATION OF THE AUTHORITY

Registered Office

2.1 The Authority may from time to time by resolution of the board change the address of the head office of the Authority within British Columbia.

Corporate Seal

2.2 The board may by resolution adopt a seal for the Authority and may, from time to time, change the seal that is adopted, and will provide for the safe custody of any seal that is adopted. A document executed on behalf of the Authority is not invalid merely because the corporate seal is not affixed to it.

Facsimile Signatures

2.3 The signature of an officer or director of the Authority that is, by authority of the board, printed, lithographed, engraved or otherwise reproduced upon an instrument or document (including a negotiable instrument) to be signed, executed or issued by the Authority or by any of its officers or directors, and an instrument or document on which the signature of any such person is so reproduced, will be as valid as if the signature had been affixed manually by such person, and will be so valid notwithstanding that, at the time of the issue or delivery of the instrument or document, the person whose signature is so reproduced is deceased, has ceased to hold the office giving rise to his authority or is otherwise incapacitated from personally signing the instrument or document.

Financial Year

2.4 The financial year of the Authority will terminate on such day in each year as the board may from time to time by resolution determine.

Banking

2.5 The banking business of the Authority, including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

Voting Rights in Other Bodies Corporate

2.6 To enable the Authority to exercise voting rights attaching to securities held by the Authority:

- (a) the authorized signing officers of the Authority may from time to time execute and deliver proxies and arrange for the issuance of voting certificates or other evidences of such rights in favour of such person or persons as may be determined by the officers by whom they are executed; and
- (b) the board, or failing the board, the authorized signing officers of the Authority, may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or will be exercised.

PART 3

BORROWING AND SECURITIES

Borrowing Power

3.1 Without limiting the powers of the board set forth in the Act, the board may from time to time, in such amounts and on such terms as it deems expedient, cause the Authority to:

- (a) borrow money upon the credit of the Authority, including by way of overdraft;
- (b) issue, re-issue, sell or pledge bonds, debentures, notes or other evidences of indebtedness of the Authority, whether secured or unsecured;
- (c) give a guarantee to secure performance of any obligation to any person; or
- (d) charge, mortgage, hypothecate, pledge or otherwise create a security interest in the undertaking of the Authority or in all or any of the currently owned or subsequently acquired property and assets of the Authority, including without limiting the generality of the foregoing, real and personal property, movable and immovable property, tangible and intangible assets, book debts, rights, powers and franchise, to secure any present or future obligation of the Authority.

3.2 Nothing herein shall limit or restrict the borrowing of money by the Authority on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Authority.

Delegation of Borrowing Authority

3.3 The board may from time to time delegate to a committee, to a director, or to an officer of the Authority all or any of the powers conferred on the board by section 3.1 to such extent and in such manner as the board from time to time determines.

PART 4

DIRECTORS

Number and Powers

4.1 The board shall consist of the number of directors prescribed in the Act. The board shall manage, or supervise the management of, the business and affairs of the Authority and may exercise all such powers and do all such acts and things as may be exercised or done by the Authority and are not by the Act or the by-laws expressly directed or required to be done in some other manner.

Duties

4.2 Every director and officer of the Authority in exercising his or her powers and discharging his or her duties shall:

- (a) act honestly and in good faith with a view to the best interests of the Authority; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

4.3 A director shall, within fifteen days after changing his or her address, send the Authority a notice of that change.

4.4 Every director and officer of the Authority shall comply with the Act and by-laws.

Appointment and Term

4.5 Directors shall be appointed in accordance with the provisions of the Act and shall hold office in accordance with the provisions of the Act.

Skills and Experience

4.6 In accordance with the provisions of the Act, the skills and experience that must be represented on the board are as outlined in Schedule "A" to the by-laws.

Vacation of Office

4.7 A director ceases to hold office as provided in the Act and a replacement for such director will be appointed as provided in the Act.

Vacancy in the Board

4.8 A quorum of the board may act notwithstanding any vacancy in its body.

Validity of Acts

4.9 An act by a director or officer is valid notwithstanding an irregularity in their appointment or a defect in their qualification.

Conflict of Interest

4.10 Without in any way limiting the obligations of the directors under the Act, the directors shall comply with the conflict of interest provisions of the Act and will, in addition, adopt and adhere to a conflict of interest policy consistent with the policy of British Columbia Ferry Services Inc.

Remuneration and Expenses

4.11 The Authority shall reimburse each director for reasonable expenses actually incurred by a director in attending any meeting of the board or any committee or any annual meeting of the Authority, which expenses will be verified in writing by the director claiming such reimbursement, and approved by the Authority in accordance with policies adopted by the Authority from time to time. Except as otherwise provided in the Act, no director shall be entitled to any additional remuneration.

PART 5

MEETINGS OF DIRECTORS

Calling of Meetings

5.1 Meetings of the board and of any committee may be held at any place. A meeting of the board may be requisitioned by any director at any time, and the Secretary shall upon requisition by any director convene a meeting of the board.

Notice of Meeting

5.2 Notice of the time and place for the holding of any meeting of the board or of any committee must be given to each director, or, to each member of the committee, as the case may be, not less than 7 days before the time when the meeting is to be held. A notice of a meeting of the board or of any committee need not specify the purpose of or the business to be transacted at the meeting.

Forms of Notice

5.3 Notice of the time and place of a meeting of the board or of any committee shall be given in writing in accordance with section 11.1.

Address for Notice

5.4 When notice of a meeting of the board or of any committee is given to a director, it must be addressed to the director at his or her recorded address, but a notice sent to any other address at the request of the director will not be invalid.

Waiver of Notice

5.5 Notice of any meeting of the board or of any committee or any irregularity in any meeting or in the notice thereof may be waived in any manner by any director and such waiver may be validly given either before or after the meeting to which such waiver relates. Attendance of a director at a meeting of the board or of any committee is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

Adjournment

5.6 Any meeting of the board or of any committee may be adjourned from time to time by the chair of the meeting, with the consent of the directors in attendance at the meeting, to a fixed time and place and no notice of the time and place for the holding of the adjourned meeting need be given to any director if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

Quorum

5.7 Unless otherwise determined by the directors, a majority of the number of directors then in office shall constitute a quorum for the transaction of business at any meeting of directors.

Chair

5.8 The Chair of the Board will be chair of each meeting of the board, but if at any meeting the Chair of the Board is not, within 15 minutes after the time appointed for holding the meeting, present and willing to act, the directors present may by resolution choose one of their number to be chair of the meeting.

Powers of Directors Where Quorum Present

5.9 A meeting of directors at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions for the time being vested in or exercisable by the board generally.

Determination of Questions

5.10 Questions arising at a meeting of the board will be decided by a majority of votes and in the case of an equality of votes, the chair will have a second or casting vote.

Disclosure of Interest

5.11 A director who is interested in any contract or transaction will be counted in the quorum for a meeting at which such contract or transaction is being considered, but will disclose the nature and extent of such interest at the meeting. A director cannot vote in respect of a contract or transaction in which such director has an interest.

Participation by Electronic/Telephonic Means

5.12 If all the directors of the Authority consent, a director may participate in a meeting of the board or of a committee by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A director participating in such a meeting by such means is deemed to be present at that meeting.

Electronic Resolution

5.13 A resolution of the directors, if approved by the required number of directors by telex, telegraph, facsimile or other electronic transmission, telephone or any other similar means of communication and confirmed in writing or other graphic communication, is as valid and effectual as if it had been passed at a meeting of the directors properly called and constituted.

Written Resolution

5.14 A resolution of the directors or of any committee of them may be passed without a meeting if all the directors, or the members of the committee, as the case may be, consent to the resolution in writing.

Minutes of Meetings

5.15 The board will keep regular minutes of its meetings and cause them to be recorded in books kept for that purpose. Unless a ballot is demanded, an entry in the minutes of a meeting to the effect that the chairperson of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

PART 6

COMMITTEES OF THE BOARD

Delegation of Powers

6.1 The board may from time to time appoint from their number one or more committees, and the board may, subject to the Act, delegate to any such committee any of the powers of the directors.

Audit Committee

6.2 The board shall elect annually from among their number an audit committee to be composed of not fewer than three directors.

6.3 The auditor of the Authority is entitled to receive notice of every meeting of the audit committee and, at the expense of the Authority, to attend and be heard thereat; and, if so requested by a member of the audit committee, shall attend every meeting of the committee held during the term of office of the auditor. The auditor of the Authority or any member of the audit committee may call a meeting of the committee.

6.4 The audit committee shall review the financial statements of the Authority prior to approval thereof by the board and shall have such other powers and duties as may from time to time by resolution be assigned to it by the board.

Quorum and Procedures at Meetings

6.5 Except as otherwise determined by the board:

- (a) a majority of the number of directors then constituting a committee shall constitute a quorum for the transaction of business at any meeting of such committee;
- (b) a question arising at a meeting of a committee will be determined by a majority of the votes cast thereon, and in the case of an equality of votes the chair of the meeting will be entitled to a second or casting vote;
- (c) each committee will meet and adjourn as it thinks proper and will have power to elect its chair and to make rules for the conduct of its business;
- (d) a committee may act notwithstanding any vacancy in its body;
- (e) where a committee has only one member, that member may constitute a meeting; and
- (f) a meeting of a committee may be held at any place that a meeting of the board may be held.

Minutes of Meetings

6.6 Each committee will keep regular minutes of its meetings and cause them to be recorded in books kept for that purpose, and will report them to the board as the board from time to time requires.

PART 7

PROTECTION AND INDEMNITY OF DIRECTORS AND OTHERS

Limitation of Liability

7.1 Except as otherwise provided in the Act, no director or officer will be liable:

- (a) for the acts, receipts, neglects or defaults of any other person, or for joining in any receipt or act for conformity;
- (b) for any loss, damage or expense happening to the Authority through the insufficiency or deficiency of title to any property acquired by, for, or on behalf of the Authority;

- (c) for the insufficiency or deficiency of any security in or upon which any moneys of the Authority are invested;
- (d) for any loss or damage arising from the bankruptcy, insolvency or wrongful act of any person with whom any money, security or other property of the Authority is lodged or deposited; or
- (e) for any other loss, damage, or misfortune whatever which may arise out of the execution of the duties of his or her office or in relation thereto;

unless the same shall happen by and through his or her failure to exercise the powers and to discharge the duties of his or her office honestly and in good faith with a view to the best interests of the Authority, and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Insurance

7.2 The Authority may purchase and maintain insurance for the benefit of an individual referred to in section 7.3 against any liability incurred by the individual:

- (a) in the individual's capacity as a director or officer of the Authority; or
- (b) in the individual's capacity as a director or officer, or similar capacity, of another entity, if the individual acts or acted in that capacity at the Authority's request.

Indemnities to Directors

7.3 The Authority will indemnify a person who is a director, officer, former director or former officer of the Authority, and the person's heirs and personal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by the person, including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding to which the person is made a party because of being or having been a director, including an action brought by the Authority, if:

- (a) the person acted honestly and in good faith with a view to the best interests of the Authority; and
- (b) in the case of a criminal or administrative action or proceeding, the person had reasonable grounds for believing that the person's conduct was lawful.

7.4 The Authority may advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in section 7.3, but the individual shall repay the moneys if the individual does not fulfil the conditions of section 7.3.

Amplification of Rights

7.5 The foregoing provisions of this Part are in amplification of or in addition to, and not by way of limitation of or substitution for, any rights, immunities or protection conferred upon any director or officer by any law or otherwise.

PART 8

OFFICERS

Appointment of Officers

8.1 The board shall appoint a Chair of the Board and a Secretary, and may appoint such other officer or officers of the Authority as in their discretion they think fit. None of such officers (except the Chair of the Board) need be a director of the Authority. A director may be appointed to any office of the Authority. Two or more such offices may be held by the same person.

Removal of Officers, etc.

8.2 All officers, employees and agents, in the absence of agreement to the contrary, shall be subject to removal by resolution of the board at any time, with or without cause.

Duties of Officers may be Delegated

8.3 In the case of the absence or inability or refusal to act of any officer of the Authority or for any other reason that the board may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

Chair of the Board

8.4 The Chair of the Board shall, when present, preside at all meetings of the board. The Chair of the Board shall possess and may exercise such powers and shall perform such other duties as may from time to time be assigned to the Chair of the Board by the board.

Secretary

8.5 The Secretary shall give or cause to be given notices for all meetings of the directors and any committee when directed to do so and shall have charge of the minute books of the Authority and of the documents and registers of the Authority required to be maintained by the Act. The Secretary shall have such other powers and shall perform such other duties as may from time to time be assigned to the Secretary by the board or as are incident to the Secretary's office.

PART 9

ANNUAL MEETINGS

Annual Meetings

9.1 The Authority will hold annual general meetings as provided in the Act.

PART 10

EXAMINATION OF RECORDS

Access by Auditor and Directors

10.1 The auditor and every director will at all reasonable times have access to, and may take extracts from, all accounts, records, books and other documents of the Authority.

Public Access

10.2 Any person may, during normal business hours, inspect the records of the Authority as provided in the Act, provided that if a person requests a copy of any record, the Authority will be entitled to charge a fee of \$1.00 per page or such other consideration as may be determined from time to time by the directors.

PART 11

NOTICES

Method of Giving Notices

11.1 Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the by-laws or otherwise to a director, officer or auditor shall be sufficiently given: (a) if delivered personally to the person to whom it is to be given; (b) if delivered to the person's recorded address; (c) if mailed to such person at such recorded address by prepaid ordinary or air mail; (d) if sent to such person at such recorded address by means of prepaid electronic facsimile transmission or other electronic communication capable of producing a printed copy; or, if not prohibited by applicable laws or regulatory policies, by e-mail to an e-mail address provided by such person to the Authority. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of electronic facsimile, other electronic communication or e-mail shall be deemed to have been given when it is transmitted by the Authority or, if transmitted by another, on the day when it is transmitted to the appropriate communication company or agency or its representative for dispatch. The Secretary may change or cause to be changed the recorded or e-mail address of any director, officer or auditor in accordance with any information reasonably believed by the Secretary to be reliable.

Computation of Time

11.2 In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the day of giving the notice shall be excluded and the day of the meeting or other event shall be included.

Signature to Notice

11.3 The signature to any notice to be given by the Authority may be in whole or in part written, stamped, typewritten or printed.

Omissions and Errors

11.4 The accidental omission to give a notice to any director, officer, or auditor or the non-receipt of a notice by any such person or an error in a notice not affecting the substance thereof will not invalidate any action taken at a meeting held pursuant to such notice or otherwise founded thereon.

Waiver of Notice

11.5 A director, officer, auditor or member of a committee of the board may at any time in writing waive any notice, or waive or abridge the time for any notice required to be given under any provision of the Act, the by-laws or otherwise, and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, will cure any default in the giving or in the time of such notice, as the case may be.

PART 12

EFFECTIVE DATE

12.1 This by-law shall come into force effective October 17, 2003.

**B.C. FERRY AUTHORITY
SKILLS AND EXPERIENCE PROFILE
Schedule A**

Appointments to the Board of Directors of the B.C. Ferry Authority will be guided by the following selection criteria.

Statutory Qualifications:

Persons appointed to the Board must be "qualified individuals" as defined in the *Coastal Ferry Act*. Specifically, this means an individual who:

- Is not an employee or an officer, other than the Chief Executive Officer, of British Columbia Ferry Services Inc.;
- Does not hold elected public office of any type;
- Is not an employee, steward, officer, director, elected official or member of any union representing employees of British Columbia Ferry Services Inc.; and,
- Is not an employee of
 - A municipality, regional district, trust council or greater board, as those terms are defined in the *Local Government Act (British Columbia)*, within the appointment areas, as defined by the Lieutenant Governor in Council.

As well, all appointments to the B.C. Ferry Authority Board must comply with the provisions related to Director qualifications and conflicts addressed in sections 8 and 9 of the *Coastal Ferry Act*.

Personal Attributes:

All persons appointed to the B.C. Ferry Authority Board should possess the following personal attributes:

1. High ethical standards and integrity in professional and personal dealings;
2. Ability and willingness to raise potentially controversial issues in a manner that encourages dialogue;
3. Flexibility, responsiveness and willingness to consider change;
4. Ability and willingness to listen to others;
5. Capability for a wide perspective on issues; and,
6. Ability to work as a team member.

Core Competencies:

All Directors should possess the following core competencies:

1. Well-developed faculty for critical analysis;
2. Financial literacy, including an ability to read financial statements and ability to understand the use of financial ratios and other indices to measure performance;
3. Appreciation of the unique role of B.C. Ferry Authority as the governing body of British Columbia Ferry Services Inc.;
4. Thorough knowledge of the responsibilities and duties of a director; and,
5. Ability to distinguish corporate governance from management.

Representation:

The B.C. Ferry Authority Board should, in its composition, reflect the diversity of the people served by coastal ferry services in British Columbia.

Key Skills and Experience:

The Board of Directors of B.C. Ferry Authority, as a whole, should possess the following skills and experience, while individual Directors must possess more than one.

1. **Leadership** - experience at a senior level managing the operations of a large or complex commercial or non-profit entity.
2. **Business** - experience in operating a business in British Columbia.
3. **Board Experience** - previous experience as a member of a Board of Directors of a commercial or non-profit entity.
4. **Accounting and Finance** - accounting or financial expertise.
5. **Legal** - a law degree or experience in managing legal issues of a complex commercial nature.
6. **Transportation** - knowledge of and experience in addressing transportation issues, including environmental and safety issues.
7. **Marketing** - experience in developing and/or leading marketing or customer service initiatives.
8. **Tourism** - knowledge of and experience in the tourism industry in British Columbia, including the hospitality and retail sectors.
9. **Labour Management** - knowledge of and experience in human resources and labour relations practices in British Columbia.
10. **Regulatory** - experience working in or significant knowledge of the issues associated with, a commercial entity regulated by statute.
11. **Community and Aboriginal Relations** - experience in leading consultation processes with local governments and/or aboriginal interests in British Columbia.