CITY OF
VANCOUVER

**COUNCIL REPORT**

Report Date: October 14, 2025
Contact: Brad Foster
Contact No.: 604.376.9492
RTS No.: 18138
VanRIMS No.: 08-2000-20
Meeting Date: October 21, 2025
Submit comments to Council

TO: Vancouver City Council

FROM: General Manager of Real Estate, Environment and Facilities Management

SUBJECT: Establishing a Wholly Owned Government Business Enterprise for the Purpose of Developing Market Rental Housing in Vancouver

**Recommendation**

THAT Council direct staff to take all steps required to incorporate a wholly owned B.C. business corporation, to be operated as a government business enterprise in accordance with the Articles of Incorporation (Appendix A) (the "GBE"), and to execute on behalf of the City all required incorporation documents and post-incorporation shareholder resolutions, and the Shareholder Direction (Appendix B) attached to this report;

FURTHER THAT Council appoint the City Manager and the General Manager of Finance and Supply Chain Management as the GBE's initial Board of Directors;

FURTHER THAT Council delegate to the General Manager of Real Estate, Environment and Facilities Management and the Deputy Director of Finance (ex officio) the powers of Shareholder Representative, as described in Part 2 of the Shareholder Direction;

FURTHER THAT Council approve the City's sale of six development sites (as described in Appendix D) to the GBE at their respective fair market values (2025 assessed value: $411.6 million) in exchange for shares issued by the GBE, and, in order to effect such sale, Council:

- authorize the City Manager to negotiate the closing date of the sale and such other terms and conditions related to the sale, and to execute all required agreements and transfer documents; and
- delegate to the Shareholder Representative the authority to execute such shareholder resolutions as may be required to purchase the sites from the City, including any required amendments to the share structure of the GBE;

AND FURTHER THAT Council approve the transfer of $8 million from the Property Endowment Fund to the GBE to be used as start-up capital, in exchange for shares issued by the GBE, and delegate the authority to the City Manager to determine the timing and amounts to be transferred to the GBE over the start-up period of approximately 5 years.

Recommendation requires an affirmative vote of two thirds (2/3) of all members of Council for the sale of City lands to the GBE (pursuant to section 190(1) of the *Vancouver Charter*) and for the delegation of Council's executive and administrative powers to the Shareholder Representative (pursuant to section 161 of the *Vancouver Charter*).

**Purpose and Executive Summary**

This report is being provided to Council for consideration in its landowner capacity and not its regulatory capacity, which regulatory discretion remains wholly unfettered by any decisions pursuant to this report.

To deliver housing on City lands, the City has traditionally been involved in long-term prepaid ground leases without participating in development. This approach poses the lowest risk as it does not involve any equity contribution and/or debt taken on by the City, but also limits the potential financial returns that may be generated. Entering into joint ventures and self-development poses a higher level of risk, but also provides for the opportunity to generate higher financial returns by leveraging debt and equity.

To optimize financial returns without impacting the City's debt capacity and credit ratings and to mitigate the City's liability exposure, the City could: i) establish a wholly owned corporation, to be operated as a government business enterprise, that functions independently and can take on the necessary development financing; ii) provide the GBE with start-up capital; and iii) sell City lands to the GBE for development.

The purposes of this report are to seek Council approval to incorporate the GBE as a wholly owned BC business corporation, and to authorize the City's sale of six development sites (as described in Appendix D) to the GBE in exchange for shares issued by the GBE for the purpose of developing market rental housing in Vancouver and generating non-tax revenues for the City to help address its growing infrastructure deficit.

As the sole shareholder of the GBE, Council oversees the governance structure and parameters within which the GBE will operate, including but not limited to its purposes, the authority of its Board of Directors, and borrowing limits. These are outlined in the draft Articles of Incorporation (Appendix A) and Shareholder Direction (Appendix B) attached to this report.

**Council Authority/Previous Decisions**

In Fall 2023, Council directed staff to establish the Vancouver Housing Development Office (VHDO) to centralize housing delivery functions with a focus on partnering and investing in the development of market rental housing. This is in response to the urgent "call to action" from both provincial and federal governments to utilize government-owned land to deliver housing to accommodate population growth.

In January 2024, Council received the Mayor's Budget Task Force Report. One of the recommendations was to optimize the City's real estate portfolio within the Property Endowment

Fund to create perpetual value and generate non-tax revenues for the City to help address its growing infrastructure deficit.

In June 2024, Council adopted the Rental Housing on City Land – Public Benefits Pilot Rezoning Policy to enable a new approach to delivering market rental housing while generating non-tax revenues as public benefits to address the City's growing infrastructure deficit and support other Council priorities.

**City Manager's Comments**

The City Manager concurs with the foregoing recommendation.

**Context and Background**

Vancouver Housing Development Office (VHDO) is leading pre-development work on six City sites (as described in Appendix D). Through rezoning, these sites have the potential to deliver ~4,000 market rental homes and generate long-term non-tax revenues for the City to invest in infrastructure and public amenities for the benefit of the residents and businesses in Vancouver, subject to Council approval of any rezoning applications following public hearing in its unfettered regulatory discretion.

To deliver housing on City lands, the City has three options:

i. Prepaid Leases – The City enters into a long-term prepaid ground lease with a developer without otherwise participating in development.

   This approach poses the lowest financial risk as the City does not need to contribute equity or take on debt, but also limits the potential financial returns that may be generated.

ii. Joint Ventures – The City forms a partnership with a developer, is responsible for its proportionate share of debt and equity, and shares risks and financial returns with partner.

   This approach poses a higher level of financial risk, but also provides for the opportunity to generate higher financial returns.

iii. Self-Development – The City becomes the sole developer, is responsible for all equity and debt, and retains all risks and financial returns.

   This approach poses the highest level of financial risk, but also provides for the opportunity to generate the highest financial returns.

To optimize financial returns through joint ventures and/or self-development without impacting the City's debt capacity and credit ratings and to mitigate the City's liability exposure, the City could establish a wholly owned corporation, to be operated as a government business enterprise, that functions independently, and can take on the necessary development financing.

## Discussion

The GBE's principal business will be to develop and operate predominantly market rental housing on lands transferred from the City. The primary objectives are to: i) optimize the development potential for market rental housing; ii) increase the asset value post-development; iii) maximize the return on investment and non-tax revenues; and iv) be financially self-sustaining.

Key strategies include:

- Long-term ownership: The GBE will retain fee simple ownership of all lands transferred from the City.
- Strategic partnerships: The GBE will partner with experienced developers and investors and pursue favorable financing arrangements with senior governments.
- Asset management: The GBE will establish a robust asset management framework to operate and maintain the rental properties that optimizes the overall economical value.
- Dividend distribution: As the rental properties stabilize, the GBE is expected to distribute dividends to the City, which are expected to grow over time.
- Risk mitigation: There are inherent risks associated with rental housing development and operation, ranging from subpar return on investment to actual financial loss. The GBE will establish a robust risk management framework and proper safeguards to ensure the long-term financial sustainability of the portfolio.

Public Sector Accounting Standards ("PSAS") stipulate that government business enterprises must fulfill four essential criteria:

i. Operate as a separate legal entity from the City

ii Possess financial and operational authority to conduct business without requiring approval from the City for day-to-day matters

iii Provide goods and services to individuals/organizations, not principally to the City

iv Demonstrate ability to be self-sustaining (i.e. revenue generation) without relying principally on financial contributions from the City

The governance for the GBE involves two foundational documents: (i) Articles of Incorporation (Appendix A); and (ii) a Shareholder Direction (Appendix B). Additional governing documents, such as Strategic Business Plans and Annual Plans, will be developed later, in accordance with the principles and decision-making processes set out in the Articles of Incorporation and the Shareholder Direction.

The **Articles of Incorporation** establish: i) the governance structure and all matters related to the Board of Directors, including election/appointment, composition, size, term limits, remuneration, meetings and voting, etc.; and ii) the ownership structure, including the issuance of shares; and iii) the role of the Shareholder Direction in the governance of the GBE.

The **Shareholder Direction** establishes Council's expectations regarding the business and affairs of the entity, including its purposes, borrowing limits, partnership framework, and expectations regarding dividends, as well as the respective decision-making roles of Council and the Shareholder Representative.

**Governance Approach** – The City will be the sole shareholder of the GBE and will have full control over the appointment and re-appointment of the Board. The City will set borrowing limits for and will not provide financial backstop to the GBE. The GBE will determine appropriate development approaches (e.g. joint venture, self development) that fit within the borrowing limits and must maintain adequate liquidity to address any debt servicing, optional and emergency requirements.

To comply with PSAS, the most practical governance approach for the GBE is for Council to provide strategic direction and approve extraordinary events but not be involved in day-to-day project and operational decisions. The GBE's Board of Directors will have discretionary control of decisions and will escalate for City decision on an exceptional basis as required by the Articles of Incorporation and the Shareholder Direction.

To ensure that the **GBE operates within the parameters established by Council**:

i. The GBE's mandate will be limited to generating a sustainable source of recurring revenue from business activities centred upon the acquisition, development, management, administration and disposition of predominantly market rental housing in Vancouver, which may include non-residential real estate assets that are ancillary to such housing (e.g. at grade commercial retail unit as required by zoning by-law).

ii. The GBE will acquire the fee simple interest in City lands at fair market value by issuing shares to the City.

iii. The GBE will retain ownership of the transferred lands in perpetuity. The GBE may not dispose of, or grant any form of mortgage, charge or security over, the GBE's registered fee simple interest or beneficial interest (or both) in any lands without approval from the City, which approval must be granted by the affirmative vote of two-thirds of all of the members of Council (or such other voting threshold established by the *Vancouver Charter* for the disposition of real property of the City).

iv. The GBE will be permitted to borrow monies but may not incur aggregate debt obligations that would exceed $200 million. The GBE may not seek financing that depends on the City providing any form of security for repayment, including but not limited to a guarantee or indemnity of the debt.

v. The GBE will adhere to the development partner framework as set out in the Shareholder Direction. Specifically, the GBE must make best efforts to negotiate Partnerships so that it obtains a 50% or greater interest in the partnership. If that is not possible due to market conditions, an acceptable lower limit will be established by Council from time to time, typically on an annual basis.

To ensure that **Council maintains control of the GBE's governance**, but provides it the autonomy necessary to qualify as a GBE under PSAS:

i. The GBE's Board of Directors (recommended to be seven in total) will be appointed by Council, on the recommendation of a nominating committee constituted by the GBE's Board.

ii. The GBE's Board will be comprised of a majority (up to six directors) of independent industry experts (e.g. real estate development, property management, finance, legal) and a minority (up to three directors) of City representatives (Council or City staff) with at least one being a senior member of City staff. In addition, Council may appoint an observer, who will receive notice of, and have the right to attend, all public GBE Board meetings.

iii. The GBE's Board will approve the policy framework governing the remuneration and expense entitlements of the independent directors and provide to Council for feedback and information.

iv. The GBE's Board will submit the long-term strategic plan (10 years+) and the annual implementation plan to Council for approval.

v. The GBE's Board will prioritize and approve the distribution of net revenue by way of annual dividends to the Shareholder, subject to maintaining prudent financial reserves and equity required to make investments in accordance with the GBE's approved long-term strategic plan and annual implementation plan.

vi. The GBE's Board will direct the GBE's management to communicate with the Shareholder's finance staff regarding dividends, including sharing projections, estimates and timing considerations.

**Financial Implications**

A key reason for establishing a wholly owned corporation, to be operated as a government business enterprise, for the purpose of developing market rental housing on City lands is to enable the entity to leverage financing and private equity to fulfill is mandate, without impacting the City's debt capacity and credit ratings, and to mitigate the City's liability exposure. The GBE will adhere to the borrowing limits as set out in the Shareholder Direction and determine appropriate development approaches (e.g. joint venture, self development) that fit within the borrowing limits while maintaining adequate liquidity to address any debt servicing, operational, and emergency requirements.

The GBE will develop the six City sites through special purpose vehicles (e.g. limited partnership) using a leasehold model, thereby preserving its fee simple interest in the transferred lands in perpetuity. This approach minimizes the risk of the City (being the sole shareholder of the entity) losing control of the fee simple interest of the transferred lands.

With the incorporation of the GBE, the City needs to transfer City lands to the GBE for development and provide start-up capital. Staff recommend that Council approve the following in exchange for shares issued by the GBE:

- Sale of six development sites (as described in Appendix D) from the City to the GBE, with an aggregate estimated value of $411.6 million (based on 2025 assessed value).

- Start-up capital of up to $8 million for the first five years to support the GBE prior to it becoming financially self-sustaining; source of funds to be the PEF. This start-up capital includes ~$0.5 million for professional fees associated with setting up the new entity and its operations and ~$1.5 million per year for executive compensation, the GBE's Board and professional services.

The ability to demonstrate self-sustainment requires the most attention. Pursuant to PSAS, a government business enterprise must operate independently and generate its own revenues without relying principally on financial contributions from the City. Should the entity not be able to maintain its status as a government business enterprise, all financial statement items, including any debt carried by the entity, would be consolidated in the City's consolidated financial statements, with significant downstream impacts to the City's credit rating and debt capacity.

**Legal Implications**

This report is being provided to Council for consideration in its landowner capacity and not its regulatory capacity. Any approval granted pursuant to this report will not, in any way, limit Council or the City and its officials in exercising their regulatory discretion in respect of any rezoning, subdivision or permitting of or for any of the potential development sites.

The GBE is structured as a wholly owned subsidiary of the City. Shareholders are generally not liable for the actions and business decisions of the company in which they hold shares.

To bolster the containment of risk within the GBE, the GBE is directed (in the Shareholder Direction) to pursue borrowing transactions that will not require the City to provide any form of security to the lender. Of course, the City is not obligated to agree to any request or requirement from a lender to secure the GBE's borrowings.

To ensure the GBE is properly governed, the GBE's Board of Directors is appointed by and accountable to the City, with a majority of the directors being independent of the City and the GBE.

The Board is responsible for the management and supervision of the management of the business and affairs of the GBE, in accordance with applicable law, the Articles and the Shareholder Direction. The Articles and the Shareholder Direction confirm the Board's scope of powers. To ensure ongoing alignment with the GBE's purposes and the City's expectations for the GBE, the Articles and Shareholder Direction set out the requirement that the Board review and approve, and then seek the City's approval, for certain major decisions, including:

- Long-term strategic plans and annual implementation plans;
- The disposition of any of the GBE's land;
- The use of any of the GBE's land as security for any form of borrowing;
- Borrowing by the GBE in excess of $200 million; and
- Entering into partnerships where the GBE's interest will be below the current minimum threshold or does not otherwise meet certain minimum standards.

As the sole shareholder, the City is the only entity that may amend the Articles of Incorporation and the Shareholder Direction. As set out in the Shareholder Direction, only Council will exercise that authority on behalf of the City. As an exception, it is recommended that the Shareholder Representative (appointed in Recommendation A) be delegated the authority to amend the Articles of Incorporation to change the share structure of the GBE if required to complete the purchase of City lands. An amendment to the Articles will be required if it is deemed necessary or beneficial to create new classes of shares in the GBE to be issued to the City in exchange for the fee simple interest in the City lands (as described in Appendix D).

* * * * *

# APPENDIX A – ARTICLES OF INCORPORATION

*BUSINESS CORPORATIONS ACT*

**ARTICLES**

OF

**VANCOUVER LANDS DEVELOPMENT CORPORATION**

**Table of Contents**

*BUSINESS CORPORATIONS ACT*

**ARTICLES**

OF

**VANCOUVER LANDS DEVELOPMENT CORPORATION**
(the "**Company**")

## PART 1– INTERPRETATION

### 1.1 Definitions

In these Articles, unless the context requires otherwise:

**"AGM Resolution"** has the meaning given to it in Article 7.2;

**"Board"** means the current board of directors of the Company;

**"*Business Corporations Act*"** means the *Business Corporations Act*, S.B.C. 2002, c.57, and includes its regulations, as they may be amended or replaced from time to time;

**"City"** means the corporation known as the City of Vancouver, continued under the *Vancouver Charter*;

**"City Council"** means the Council of the City, as defined in the *Vancouver Charter*;

**"City Representatives"** means any of the following:

(i) a member of the City Council; or

(ii) a City Staff Member;

**"City Staff Member"** means a person employed by the City;

**"City's Procedure By-law"** means Procedure By-Law No. 12577, as it may be amended from time to time;

**"director"** and **"directors"** refers to the current member(s) of the Board;

**"Fiscal Year"** means January 1 to December 31;

***"FOIPPA"*** means the *Freedom of Information and Protection of Privacy Act* R.S.B.C. 1996 c. 165, and includes its regulations, as they may be amended and replaced from time to time;

**"Independent"** means an individual who:

(i) is not a member of City Council, nor a person employed by the City;

(ii) is not an employee of the Company; and

(iii) a reasonable person with knowledge of all the relevant circumstances would conclude is independent of:

A. the City;

B. the management of the Company;

C. any significant security holder of the Company;

D. any significant contractor, supplier, partner or joint venturer of the Company or the City; and

E. any entity that directly or indirectly (e.g. through an affiliated entity) has a current development application or a rezoning inquiry or application with the City, or is reasonably expected to submit a development application or rezoning inquiry or application to the City within the next 24 months;

**"*Interpretation Act*"** means the *Interpretation Act*, R.S.B.C. 1996, c. 238;

**"Shareholder"** means the City, in its capacity as the shareholder of the Company;

**"Shareholder Direction"** means the written direction issued by the Shareholder to the Company from time to time, including any amendments thereto;

**"Shareholder Representative"** means the individual(s) duly appointed by City Council for the purposes of these Articles;

**"Shareholder Resolution"** means a resolution passed by the Shareholder, and includes an ordinary resolution and a special resolution, as contemplated by the *Business Corporations Act*, and any additional approval requirements set out in the Shareholder Direction; and

**"*Vancouver Charter*"** means the *Vancouver Charter* [S.B.C. 1953] Ch. 55.

**1.2 *Business Corporations Act* definitions apply**

The definitions in the *Business Corporations Act* apply to these Articles.

**1.3 *Interpretation Act* applies**

The *Interpretation Act* applies to the interpretation of these Articles as if these Articles were an enactment.

**1.4 Conflict in definitions**

If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles.

**1.5 Conflict between Articles and Legislation**

i. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

ii. If there is a conflict between these Articles and the *Vancouver Charter*, the *Vancouver Charter* will prevail.

## PART 2– SHAREHOLDER DIRECTION

**2.1 General**

i. These Articles are established on the basis that the City is and shall remain the sole shareholder of the Company.

ii. The City Council may, on a 2/3 majority vote, issue and amend the Shareholder Direction from time to time, which shall be effective upon delivery to the Board. The Board shall acknowledge receipt of the Shareholder Direction, and each amendment thereto, promptly after delivery.

iii. The Company shall attach the Shareholder Direction (if any) to these Articles in the records of the Company and make the Shareholder Direction available to any person entitled by law to receive a copy of the Articles.

**2.2 Purposes**

The Company may not pursue business purposes or otherwise engage in business activities that depart from those described in the Shareholder Direction, except upon a Shareholder Resolution.

**2.3 Role of the City Council and the Shareholder Representative**

i. Subject to paragraphs (b), (c), and (d), the powers and privileges of the Shareholder under these Articles will be exercised by the City Council.

ii. Subject to paragraphs (c) and (d), the City Council will hear and vote on Shareholder Resolutions at City Council meetings validly constituted pursuant to the *Vancouver Charter*. The approval threshold for each Shareholder Resolution considered by City Council is deemed to be the approval threshold that would apply if the matter pertained to the business and affairs of the City.

iii. By the Shareholder Direction, the City Council may appoint a Shareholder Representative by naming an individual or a job title, in which case the individual holding that position from time to time will be deemed to be the Shareholder Representative.

iv. The duly appointed Shareholder Representative is authorized to exercise all of the powers and privileges of the Shareholder under these Articles, except if:

(i) it is expressly stated in the Shareholder Direction that the City Council will exercise a particular power or privilege on behalf of the Shareholder; and

(ii) the Shareholder Direction otherwise limits the Shareholder Representative's authority.

**2.4 Restrictions on Share Transfers**

i. In this Article:

(i) "security" has the meaning assigned in the *Securities Act* (British Columbia);

(ii) "transfer restricted security" means:

A. a share of the Company;

B. a security of the Company convertible into shares of the Company; or

C. any other security of the Company that must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the "private issuer" exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the "private issuer" exemption.

ii. Subject to Part 5, no security or share in the Company or other transfer restricted security in the Company may be sold, transferred, or otherwise disposed of by the Company to any person other than the City.

**2.5 Material Transactions**

The Company may not enter into any form of partnership, joint venture or any other transaction that is prohibited by the Shareholder Direction, except upon a Shareholder Resolution.

**2.6 Limited Borrowing Powers**

i. Subject to the Shareholder Direction, the Board may, from time to time, on behalf of the Company:

(i) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

(ii) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person, and at any discount or premium and on such other terms as they consider appropriate;

(iii) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(iv) subject to Article 2.7, mortgage or charge, whether by way of specific or floating charge, or give other security on the whole or any part of the present and future assets and undertaking of the Company.

ii. The Board may not undertake any activities described in paragraph 2.6(a) if they do not comply with the restrictions set out in the Shareholder Direction (if any), except upon a Shareholder Resolution.

**2.7 Disposal of Corporate Assets**

The Company may not dispose of any of the assets or undertakings of the Company if such disposition is not in furtherance of the Company's purposes or is otherwise restricted by the Shareholder Direction, except upon a Shareholder Resolution.

**2.8 Declaration of Dividends**

i. Subject to the rights, if any, of the holders of shares with special rights as to dividends and the Shareholder Direction:

(i) the Board may from time to time declare and authorize payment of any dividends the Board considers appropriate;

(ii) all dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held;

(iii) any dividend declared by the Board may be made payable on such date as is fixed by the Board;

(iv) no dividend bears interest against the Company; and

(v) if a dividend to which the Shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

ii. Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the Shareholder, or by such other method of payment designated by the Shareholder.

## PART 3– SHARES AND SHARE CERTIFICATES

**3.1 Form of share certificate**

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

**3.2 Right to share certificate**

The Shareholder is entitled, without charge, to one certificate representing the share or shares of each class or series of shares held by the Shareholder.

**3.3 Sending of share certificate**

Any share certificate to which the Shareholder is entitled may be sent to the Shareholder by mail and neither the Company nor any agent is liable for any loss to the Shareholder because the certificate sent is lost in the mail or stolen.

**3.4 Replacement of worn out or defaced certificate**

If the Board is satisfied that a share certificate is worn out or defaced, they must, on production to them of the certificate and on such other terms, if any, as they think fit:

i. order the certificate to be cancelled; and

ii. issue a replacement share certificate.

**3.5 Replacement of lost, stolen or destroyed certificate**

If a share certificate is lost, stolen or destroyed, a replacement share certificate must be issued to the person entitled to that certificate if the Board receives:

i. proof satisfactory to them that the certificate is lost, stolen or destroyed; and

ii. any indemnity the Board considers adequate.

**3.6 Splitting share certificates**

If the Shareholder surrenders a share certificate to the Company with a written request that the Company issue 2 or more certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the certificate, so surrendered, the Company must cancel the surrendered certificate and issue replacement share certificates in accordance with that request.

## PART 4 – ISSUE OF SHARES

**4.1 Issue of shares**

The Board may issue or allot the unissued and issued shares held by the Company to the Shareholder in the manner, at the times and on the terms and conditions and for the issue prices that the Board, in its absolute discretion, may determine.

**4.2 Conditions of Issue**

No shares in the Company may be issued:

i. to any person other than the Shareholder; and

ii. except as provided in the *Business Corporations Act*, until the Shareholder has fully paid for the shares.

## PART 5 – ACQUISITION OF SHARES

**5.1 Company authorized to purchase shares**

i. Subject to paragraph (b) and the special rights and restrictions attached to any class or series of shares, the Company may, if it is authorized to do so by the Board, purchase or otherwise acquire any of its shares.

ii. The Company must not make a payment or provide any other consideration to purchase, redeem, or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(i) the Company is insolvent; or

(ii) making the payment or providing the consideration would render the Company insolvent.

iii. If the Company retains a share redeemed, purchased, or otherwise acquired by it, the Company may dispose of the share, but, while such share is held by the Company, it:

(i) is not entitled to vote the share at a Shareholder meeting;

(ii) must not pay a dividend in respect of the share; and

(iii) must not make any other distribution in respect of the share.

**5.2 Company authorized to accept surrender of shares**

The Company may, if it is authorized to do so by the Board, accept a surrender of any of its shares by way of gift or for cancellation.

**5.3 Company authorized to convert fractional shares into whole shares**

The Company may, if it is authorized to do so by the Board, convert any of its fractional shares into whole shares in accordance with, and subject to the limitations contained in, the *Business Corporations Act*.

## PART 6 – ALTERATIONS

**6.1 Alteration of Authorized Share Structure**

Subject to Article 6.2 and the *Business Corporations Act*, the Company may, by Shareholder Resolution:

i. create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

ii. increase, reduce, or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

iii. subdivide or consolidate all or any of its unissued, or fully paid and issued, shares;

iv. if the Company is authorized to issue shares of a class of shares with par value:

(i) decrease the par value of those shares; or

(ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

v. change all or any of its unissued, or fully paid and issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

vi. alter the identifying name of any of its shares; or

otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*, and alter its Notice of Articles and Articles, accordingly.

**6.2 Special Rights or Restrictions**

Subject to the *Business Corporations Act*, the Company may, by Shareholder Resolution:

i. create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

ii. vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued,

and alter its Articles and Notice of Articles accordingly.

**6.3 Change of Name**

The Company may, by Shareholder Resolution, authorize an alteration to its Notice of Articles in order to change the Company's name and may, by Shareholder Resolution or Board resolution, adopt or change any translation of that name.

**6.4 Other Alterations of Articles**

Except as set out elsewhere in this Part 6, the Company may alter these Articles by Shareholder Resolution.

## PART 7– SHAREHOLDER MEETINGS

**7.1 General**

Shareholder meetings will either be:

i. conducted at City Council meetings validly constituted pursuant to the *Vancouver Charter*, and the City's Procedure By-Law will apply; or

ii. conducted by the Shareholder Representative, if the only business at such meeting is business that is within the Shareholder Representative's authority.

**7.2 Annual general meetings**

Unless an annual general meeting is deferred or waived in accordance with section 182(2)(a) or (c) of the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual general meeting.

**7.3 When annual general meeting is deemed to have been held**

If the Shareholder consents by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting (an "**AGM Resolution**"), the annual general meeting is deemed to have been held on the date of the AGM Resolution. The Shareholder must, in any AGM Resolution passed under this Article 7.2, select as the Company's annual reference date a date that would be appropriate for the holding of subsequent annual general meetings.

**7.4 Calling of Shareholder meetings**

Subject to the City's Procedure By-law, if applicable, the Board may, whenever it thinks fit, call a Shareholder meeting.

**7.5 Notice for Shareholder meetings**

The Company must send notice of the date, time and location of any Shareholder meeting in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by

Shareholder Resolution (whether previous notice of the resolution has been given or not), to the City Council, to the Shareholder Representative (if appointed), to each director and to the auditor of the Company, at least 20 business days before the meeting, or such other period as may be prescribed by the City's Procedure By-law.

**7.6 Record date for notice**

The record date for notice is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

**7.7 Record date for voting**

The record date for voting is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

**7.8 Notice of special business at meetings of shareholders**

If a Shareholder meeting is to consider special business within the meaning of Article 7.9, the notice of meeting must:

i. state the general nature of the special business;

ii. if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document; and

iii. if applicable, any other content required by the City's Procedure By-law.

**7.9 Special business**

At a Shareholder meeting, the following business is special business:

i. at a meeting that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting; and

ii. at an annual general meeting, all business is special business except for the following:

(i) business relating to the conduct of or voting at the meeting;

(ii) consideration of any financial statements of the Company presented to the meeting;

(iii) consideration of any reports of the Board or auditor;

(iv) the election or appointment of directors;

(v) the appointment of an auditor;

(vi) the setting of the remuneration of an auditor;

(vii) business arising out of a report of the Board not requiring the passing of a Shareholder Resolution or an exceptional resolution;

(viii) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a Shareholder meeting without prior notice of the business being given to the Shareholder.

**7.10 Quorum**

i. The quorum for the transaction of business at a Shareholder meeting comprised of the City Council is the attendance of the requisite number of City councillors to constitute a quorum of the City Council in accordance with the *Vancouver Charter*.

ii. The quorum for the transaction of business at a Shareholder meeting comprised of the Shareholder Representative is the attendance of the Shareholder Representative.

**7.11 Other persons may attend**

Subject to the *Vancouver Charter* and the City's Procedure By-law, the directors, the president, if any, the secretary, if any, the auditor for the Company, and the Shareholder Representative, if appointed, are entitled to attend any Shareholder meeting as observers, provided that they may be excluded from any meeting, or any portion of a meeting, in accordance with the City's Procedure By-law, or otherwise at the discretion of the chair of the meeting.

**7.12 Chair**

i. The chair of a Shareholder meeting comprised of the City Council is the chair as determined by the City's Procedure By-law.

ii. The chair of the meeting comprised of the Shareholder Representative is the Shareholder Representative, or any other person appointed by the Shareholder Representative.

**7.13 Consent Resolutions in Writing**

i. A Shareholder Resolution may be passed by the Shareholder Representative without a Shareholder meeting if the resolution is within the Shareholder Representative's authority, is in writing, and is signed or otherwise approved by the Shareholder Representative.

ii. A consent in writing under this Article 7.13 may be by any written instrument, email, or any other method of transmitting legibly recorded messages in which the consent of the Shareholder is evidenced.

iii. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing.

iv. A Shareholder Resolution passed in accordance with this Article 7.13 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of the Shareholder.

## PART 8 – DIRECTORS

**8.1 First directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*.

**8.2 Number of Directors**

From the first annual general meeting of the Company, or the first AGM Resolution, the number of directors is set at a total of seven (7) directors, comprised as follows:

i. At least one (1) and up to three (3) City Representatives, with at least one (1) being a City Staff Member; and

ii. Up to six (6) Independents.

**8.3 Directors' acts valid despite vacancy**

An act or proceeding of the Board is not invalid merely because fewer directors have been appointed than the number of directors set or otherwise required under these Articles.

**8.4 Qualifications of directors**

i. City Staff Members:

(i) must be a current employee of the City with permanent or full-time employment status; and

(ii) are deemed to be at the end of their term on the Board when their employment with the City of Vancouver ceases.

ii. Directors who are members of the City Council:

(i) must be serving as a member of City Council at the time of their appointment to the Board; and

(ii) are deemed to be at the end of their term on the Board when they cease to be a member of City Council.

iii. For an Independent to act as a director of the Company, they must meet the definition of Independent at all times during their term in office, and therefore must resign from the Board if they cease to meet the definition of Independent, unless they meet the definition of a City Representative and are authorized by a Shareholder Resolution to act as a City Representative director of the Company.

**8.5 Validity of Acts Where Appointment Defective**

Subject to the *Business Corporations Act,* an act of a director or officer is not invalid merely because of an irregularity in the appointment or a defect in the qualification of that director or officer.

**8.6 Remuneration of Independent Directors**

Subject to the Shareholder Direction, Independent directors serving as directors are entitled to the remuneration for acting as directors, if any, as the Board may from time to time determine. No other class of directors are entitled to remuneration for acting as directors for the Company.

**8.7 Reimbursement of expenses of directors**

The Company must reimburse each director for the reasonable expenses that such director may incur in and about the business of the Company.

**8.8 Special remuneration for Independent directors**

If any Independent director performs any professional or other services for the Company that in the opinion of the Board are outside the ordinary duties of a director, or if any Independent director is otherwise specially occupied in or about the Company's business, the director may be paid remuneration fixed by the Board and such remuneration may be either in addition to, or in substitution for, any other remuneration that the director may be entitled to receive.

**8.9 Board Observer**

If the Shareholder has not appointed a member of the City Council to the Board, the Shareholder may appoint one City Councillor as a Board observer. The Board will provide notice of all Board meetings to the observer and allow the observer to attend all Board meetings (excluding in camera sessions of such meetings). The observer may present to the Board or otherwise participate in the deliberations of the Board at the discretion of the chair of the meeting. For greater certainty, the observer does not have the power to vote at any meeting of the Board.

## PART 9– APPOINTMENT AND REMOVAL OF DIRECTORS

**9.1 Nomination**

Without in any way limiting the discretion of the Shareholder under Articles 9.2, 9.7, and 9.9, the Nominating Committee (established under Article 13.1) will recommend Independent individuals to the Shareholder for appointment to the Board to fill Independent positions.

**9.2 Appointment and Director Terms**

i. Subject to paragraphs (b) and (c), at every annual general meeting and in every AGM Resolution contemplated by Article 7.3, the Shareholder will appoint a Board consisting of the number of directors set in Article 8.2.

ii. At the first annual general meeting or in the first AGM Resolution, as the case may be:

(i) the first directors (and any directors subsequently appointed in the first year of the Company) cease to hold office immediately after the conclusion of the first annual general meeting or immediately prior to the passage of the first AGM Resolution, as the case may be, but are eligible for re-appointment;

(ii) the majority of directors will be appointed for a four-year term; and

(iii) the remainder of the directors will be appointed for a three-year term.

iii. At every succeeding annual general meeting or in every subsequent AGM Resolution, as the case may be:

(i) those directors whose term in office has not expired will be confirmed in office;

(ii) those directors whose term in office is set to expire will cease to hold office immediately after the conclusion of the annual general meeting or immediately prior to the adoption of the AGM Resolution, but are, subject to Article 9.3, eligible for reappointment; and

(iii) subject to Article 9.3, new and reappointed directors will be appointed for a term of up to four years, with the intent being that director terms are staggered.

iv. As contemplated in Articles 8.4(a) and (c), the term of a director who ceases to be a City Representative is deemed to have expired on the date they ceased to meet the definition of a City Representative, and the vacancy may be filled in accordance with Article 9.7.

**9.3 Term Limit**

i. No director may be re-appointed to the Board after they have completed their tenth consecutive year on the Board.

ii. Notwithstanding paragraph (a), a former director of the Board (including a board member who has served the maximum number of years set out in paragraph (a)) may be reappointed to the Board after an absence from the Board of at least one year.

**9.4 Consent to be a director**

No appointment or designation of an individual as a director is valid unless:

i. that individual consents to be a director in the manner provided for in the *Business Corporations Act*;

ii. if that individual is elected or appointed at a Shareholder meeting, they are present and do not refuse to be a director; or

iii. with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

**9.5 Failure to elect or appoint directors**

If:

i. the Company fails to hold an annual general meeting, and no AGM Resolution is passed on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or

ii. the Shareholder fails, at the annual general meeting or in an AGM Resolution, to elect or appoint any directors;

then each director in office at such time continues to hold office, despite the expiry of the director's term, until the earlier of:

(i) the date on which the director's successor is appointed; and

(ii) the date on which the director otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

**9.6 Remaining directors' power to act**

The Board may act notwithstanding any vacancy in the Board, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the Board may only act to call a Shareholder meeting or facilitate the consideration of a Shareholder Resolution to fill any vacancies on the Board or for any other purpose permitted by the *Business Corporations Act*.

**9.7 Shareholder may fill vacancies**

i. If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the Shareholder by an Shareholder Resolution may appoint directors to fill any vacancies on the Board up to the number set out in Article 8.2.

ii. The term of office for a director appointed to fill a vacancy will be the remaining term of office, determined immediately prior to the occurrence of the vacancy, of the director whose departure created the subject vacancy.

**9.8 Ceasing to be a director**

A director ceases to be a director when:

i. the term of office of the director expires;

ii. the director dies;

iii. the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

iv. the director is removed from office pursuant to Articles 9.9 or 9.10.

**9.9 Removal of director by Shareholder**

The Shareholder may remove any director before the expiration of the director's term of office, and may elect or appoint a director to fill the resulting vacancy. If the Shareholder does not contemporaneously elect or appoint a director to fill the vacancy created by the removal of a director, then the Shareholder may appoint a director to fill that vacancy by subsequent Shareholder Resolution.

**9.10 Removal of director by directors**

The Board may remove any director before the expiration of the director's term of office if the director ceases to be qualified to act as a director of a company pursuant to the *Business Corporations Act,* or ceases to be qualified to serve as a City Representative or an Independent, and in any case, does not promptly resign.

## PART 10 – ALTERNATE DIRECTORS

### 10.1 Appointment of Alternate Director

i. Any director that is a City Representative may appoint an individual that is qualified to act as a director under the *Business Corporations Act* and:

   (i) if being appointed by a City Staff Member, is qualified as a City Staff Member under Article 8.4(a); or

   (ii) if being appointed by a City Representative that is a member of City Council, is qualified as a City Council member under Article 8.4(b),

   to be their alternate, to act in their place at meetings of the Board or committees of the Board at which the appointor is not present.

ii. The director making an appointment under paragraph (a) must immediately provide notice of the appointment to the chair of the Board. The appointment will be valid upon receipt by the Company.

### 10.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the Board and of committees of the Board of which the alternate director's appointor is a member and to attend and vote as a director at any such meetings at which their appointor is not present.

### 10.3 Consent Resolutions

Every alternate director, if authorized by the notice appointing them, may sign in place of their appointor any resolutions to be consented to in writing.

### 10.4 Alternate Director not an Agent

Every alternate director is deemed not to be the agent of their appointor.

### 10.5 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by them.

### 10.6 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

i. their appointor ceases to be a director and is not promptly re-appointed;

ii. the alternate director dies;

iii. the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;

iv. the alternate director ceases to be qualified to act as a director; or

v. their appointor revokes the appointment of the alternate director.

### 10.7 Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if they were a director.

## PART 11 – POWERS AND DUTIES OF DIRECTORS

### 11.1 Management Powers

The Board must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles or the Shareholder Direction, required to be exercised by the Shareholder.

### 11.2 Scope of Conflict Provisions

This Part 11 applies to directors in relation to meetings of the Board, meetings of committees of the Board, and resolutions in writing of the Board.

### 11.3 Disclosure of Interests

All directors must promptly disclose to the Board all disclosable interests, as defined in section 147 of the *Business Corporations Act*, and any office, property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director of the Company. This duty applies immediately upon becoming a director and throughout the director's term in office.

### 11.4 Consequences of Disclosure of Interest

After making a declaration on the basis described in Article 11.3, a director must:

i. not take part in the discussion of the matter and is not entitled to vote on or otherwise approve any question in respect of the matter;

ii. leave the meeting or that part of the meeting during which the matter in question is under consideration; and

iii. not attempt, whether before, during or after the matter is considered by the other directors, to influence the Board's decisions on any question in respect of the matter, provided that the director making the declaration must, to the extent the director is able and in a timely manner, inform the remaining directors of any risks to the Company associated with the matter in question to the extent necessary to fulfil the director's duties to the Company.

### 11.5 Record of Disclosure

If a declaration is made by a director pursuant to Article 11.3, the chair of the Board or other person who presided as chair at the meeting will ensure that the minutes of the meeting record in writing the substance of the declaration and the fact that the director making the declaration was not present for that part of the meeting during which the matter in question was under consideration.

### 11.6 Prohibitions

Whether or not disclosure is made under Article 11.3, if a director has a disclosable interest in a matter or otherwise a conflicting duty or interest (as described in Article 11.3), the director must not:

i. participate in the discussion of the matter;

ii. vote on or otherwise approve a resolution in respect of the matter; or

iii. attempt in any way, whether before, during or after the matter is considered by the other directors, to influence the Board's decisions on any question in respect of the matter, provided that the interested director must, to the extent the director is able and in a timely manner, inform the remaining directors of any risks to the Company associated with the matter in question to the extent necessary to fulfil the director's duties to the Company.

**11.7 Exceptions to Conflict Provisions**

Without limiting Section 147(4) of the *Business Corporations Act*, Article 11.6 does not apply if:

i. the interest of the director is a pecuniary interest in common with the residents of the City of Vancouver, generally;

ii. the matter relates to remuneration or expenses payable to one or more directors in relation to their duties as directors; or

iii. the director's pecuniary interest in a matter is so remote or insignificant that it cannot reasonably be regarded as likely to influence the director in relation to the matter.

**11.8 Director Removal for Contravention of Conflict Rules**

A director who contravenes Article 11.6, in addition to any consequences that may arise under the provisions of the *Business Corporations Act*, may be removed from the Board by the Shareholder.

**11.9 Interested Director Counted in Quorum**

Notwithstanding that, by operation of this Part 11, a director is prohibited from participating in the discussion of a matter or voting on or otherwise approving a resolution in respect of a matter, a director may be counted for the purpose of determining whether a quorum of directors is present for the transaction of business at any meeting of the Board or a committee of the Board.

**11.10 Obligation to Account for Profits**

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

**11.11 Director or Officer in Other Corporations**

A director or officer of the Company may be or become a director, officer, or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by them as director, officer, or employee of, or from their interest in, such other person.

## PART 12 – PROCEEDINGS OF THE BOARD

**12.1 Meetings of Board**

The Board may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the Board held at regular intervals may be held at the place, at the time and on the notice, if any, that the Board may by resolution from time to time determine.

**12.2 Quorum**

i. For the time during which the first directors form the Board, the quorum necessary for the transaction of the business is a majority of the Board.

ii. After the appointment of the directors at the first annual general meeting or the first AGM Resolution (as the case may be), the quorum necessary for the transaction of the business of the Board is a majority of the Board, provided that at least one (1) of the directors present is a City Staff Member and a majority of the directors present are Independents.

### 12.3 Chair of meetings

Meetings of Board are to be chaired by:

i. the chair of the Board, if any; or

ii. any other director chosen by the Board if:

   (i) the chair of the Board is not present at the meeting within 15 minutes after the time set for holding the meeting;

   (ii) the chair of the Board is not willing to chair the meeting, or

   (iii) the chair of the Board has advised the secretary, if any, or any other director, that they will not be present at the meeting.

### 12.4 Voting at meetings

Questions arising at any meeting of the Board are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

### 12.5 Meetings by telephone or other communications medium

A director may participate in a meeting of the Board or of any committee of the Board in person, or by telephone or other communications medium, if all directors participating in the meeting are able to communicate with each other. A director may participate in a meeting of the Board or of any committee of the Board by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 12.5 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner**.**

### 12.6 Who may call extraordinary meetings

A director may call a meeting of the Board at any time. The secretary, if any, must on request of a director, call a meeting of the Board.

### 12.7 Notice of extraordinary meetings

Subject to Articles 12.8 and 12.9, if a meeting of the Board is called under Article 12.6, reasonable notice of that meeting, specifying the place, date and time of that meeting, must be given to each of the directors:

i. by mail addressed to the director's address as it appears on the books of the Company or to any other address provided to the Company by the director for this purpose,

ii. by leaving it at the director's prescribed address or at any other address provided to the Company by the director for this purpose, or

iii. orally, by delivery of written notice or by telephone, voice mail, e-mail or any other method of legibly transmitting messages.

### 12.8 When notice not required

It is not necessary to give notice of a meeting of the Board to a director if:

i. the meeting is to be held immediately following a Shareholder meeting at which that director was appointed, or

ii. the director has filed a waiver under Article 12.10.

**12.9 Meeting valid despite failure to give notice**

The accidental omission to give notice of any meeting of Board to any director, or the non-receipt of any notice by any director, does not invalidate any proceedings at that meeting.

**12.10 Waiver of notice of meetings**

Any director may file with the Company a document signed by the director waiving notice of any past, present or future meeting of the Board and may at any time withdraw that waiver with respect to meetings of the Board held after that withdrawal.

**12.11 Effect of waiver**

After a director files a waiver under Article 12.10 with respect to future meetings of the Board, and until that waiver is withdrawn, notice of any meeting of the Board need not be given to that director unless the director otherwise requires in writing to the Company.

**12.12 Consent Resolutions in Writing**

i. A resolution of the Board or of any committee of the Board may be passed without a meeting:

(i) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or

(ii) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that they have or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

ii. A consent in writing under this Article 12.12 may be by any written instrument, email, or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record.

iii. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing.

iv. A resolution of the Board or of any committee of the Board passed in accordance with this Article 12.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of the Board or of the committee of the Board and to be as valid and effective as if it had been passed at a meeting of the Board or of the committee of the Board that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the Board or of a committee of the Board.

## PART 13– COMMITTEES OF DIRECTORS

**13.1 Appointment and Powers of the Nominating Committee**

i. The Board will appoint and maintain a Nominating Committee consisting of the directors that they consider appropriate, provided that the Nominating Committee includes at least one (1) City Representative.

ii. The Board will approve a terms of reference for the Nominating Committee, provided that the role of the Nominating Committee will include, from time to time, proposing a skills and representation matrix and seeking out and nominating directors to the Shareholder for consideration.

iii. The Nominating Committee may be a standalone committee or have its functions performed by a committee appointed by the Board with additional powers and responsibilities.

**13.2 Appointment of other committees**

The Board may, by resolution,

i. appoint one or more committees consisting of the director or directors that they consider appropriate,

ii. delegate to a committee appointed under paragraph (a) that meets the quorum requirement for Board meetings (see Article 12.2), any of the Board's powers, except:

  (i) the power to change the membership of, or fill vacancies in, any committee of the board; and

  (ii) the power to appoint or remove officers appointed by the board; and

iii. make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution.

**13.3 Obligations of committee**

Any committee formed under Article 13.2, in the exercise of the powers delegated to it, must:

i. conform to any rules that may from time to time be imposed on it by the Board, and

ii. report every act or thing done in exercise of those powers to the earliest meeting of the Board to be held after the act or thing has been done.

**13.4 Powers of Board**

The Board may, at any time,

i. revoke the authority given to a committee, or override a decision made by a committee, except as to acts done before such revocation or overriding;

ii. terminate the appointment of, or change the membership of, a committee; and

iii. fill vacancies in a committee.

**13.5 Committee meetings**

Subject to Article 13.3(a),

i. the members of a Board committee may meet and adjourn as they think proper;

ii. a Board committee may elect a chair of its meetings but, if no chair of the meeting is elected, or if at any meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

iii. a majority of the members of a Board committee constitutes a quorum of the committee; and

iv. questions arising at any meeting of a Board committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting has no second or casting vote.

## PART 14 – OFFICERS

**14.1 Appointment of officers**

The Board may, from time to time, appoint a president, secretary or any other officers that it considers necessary, and none of the individuals appointed as officers need be a member of the Board.

**14.2 Functions, duties and powers of officers**

The Board may, for each officer:

i. determine the functions and duties the officer is to perform;

ii. entrust to and confer on the officer any of the powers exercisable by the Board on such terms and conditions and with such restrictions as the Board thinks fit; and

iii. from time to time revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

**14.3 Remuneration**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the Board thinks fit and are subject to termination at the pleasure of the Board.

**PART 15– INDEMNIFICATION AND INSURANCE**

**15.1 Indemnification of directors**

The Board must cause the Company to indemnify its directors and former directors, and their respective heirs and personal or other legal representatives to the greatest extent permitted by Division 5 of Part 5 of the *Business Corporations Act*.

**15.2 Deemed contract**

Each director is deemed to have contracted with the Company on the terms of the indemnity referred to in Article 15.1.

**15.3 Company may purchase insurance**

The Company may purchase and maintain insurance for the benefit of any person (or their heirs or legal personal representatives) who:

i. is or was a director, alternate director, officer, employee, or agent of the Company;

ii. is or was a director, alternate director, officer, employee, or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

iii. at the request of the Company, is or was a director, alternate director, officer, employee, or agent of a corporation or of a partnership, trust, joint venture, or other unincorporated entity;

iv. at the request of the Company, holds or held a position equivalent to that of a director, alternate director, or officer of a partnership, trust, joint venture, or other unincorporated entity,

against any liability incurred by such person as such director, alternate director, officer, employee, or agent or person who holds or held such equivalent position.

**PART 16 – ACCOUNTING RECORDS**

**16.1 Recording of financial affairs**

The Board must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the provisions of the *Business Corporations Act*.

**16.2 Auditor and Audited Financial Statements**

The Board will appoint an auditor to prepare audited financial statements for the Company and which shall be prepared for each Fiscal Year.

**16.3 Remuneration of Auditor**

The Board may set the remuneration of the auditor of the Company.

**16.4 No Waiver of Auditor**

Notwithstanding the provisions of the *Business Corporations Act,* including without limitation subsection 203(2), a Shareholder Resolution to waive the appointment of an auditor will be of no force or effect.

**16.5 Inspection of Company Records**

The Shareholder will be entitled to disclosure of any and all information respecting any details or conduct of the Company's business and affairs, limited only to the extent that the Board, acting in good faith determine it would not be in the best interests of the Company to make certain information available and neither the *Business Corporations Act* nor *FOIPPA* otherwise require that the Company make such information available to the Shareholder.

**PART 17 – EXECUTION OF INSTRUMENTS**

**17.1 Who may attest seal**

The Company's seal, if any, must not be impressed on any record except when that impression is attested by the signature or signatures of:

i. any 2 directors;

ii. any officer, together with any director;

iii. if the Company has only one director, that director; or

iv. any one or more directors or officers or persons as may be determined by resolution of the Board.

**17.2 Sealing copies**

For the purpose of certifying under seal a true copy of any resolution or other document, the seal must be impressed on that copy and, despite Article 17.1, may be attested by the signature of any director or officer.

**17.3 Execution of documents not under seal**

Any instrument, document or agreement for which the seal need not be affixed may be executed for and on behalf of and in the name of the Company by any two directors of the Company, or by any other person appointed by the Board for such purpose.

**PART 18 – NOTICES**

**18.1 Method of giving notice**

Unless the *Business Corporations Act* or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

i. mail addressed to the person at the applicable address for that person as follows:

   (i) for a record mailed to the Shareholder, the Shareholder's registered address;

(ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

(iii) in any other case, the mailing address of the intended recipient;

ii. delivery at the applicable address for that person as follows, addressed to the person:

(i) for a record delivered to a Shareholder, the Shareholder's registered address;

(ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

(iii) in any other case, the delivery address of the intended recipient;

iii. sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class; or

iv. physical delivery to the intended recipient.

**18.2 Deemed receipt of mailing**

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 18.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

**18.3 Certificate of sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting on behalf of the Company, stating that a notice, statement, report or other record was addressed as required by Article 18.1, prepaid and mailed or otherwise sent as permitted by Article 18.1 is conclusive evidence of that fact.

| Full Name and signature of incorporator | Date of Signing |
|---|---|
| ______________________________<br>Authorized Signatory for<br>**CLARWIL SERVICES LTD.** | ______________, 2025 |

# APPENDIX B – SHAREHOLDER DIRECTION

**CITY OF VANCOUVER**

**SHAREHOLDER DIRECTION FOR THE VANCOUVER LANDS DEVELOPMENT CORPORATION**

Approved by the City Council of the City of Vancouver by Resolution passed by a vote of not less than two-thirds of its members, dated ___________________.

A. The Vancouver Lands Development Corporation (the Company) is a business corporation incorporated under the *Business Corporation Act* (British Columbia).

B. The City is the sole shareholder of the Company.

C. The Company's Articles establish the governance structure of the Company, including the composition and authority of the Board of Directors.

D. The Articles also contemplate that the City may issue a Shareholder Direction in order to establish the purposes of the Company, establish expectations, and impose additional restrictions on the business and operations of the Company.

E. The City Council may provide exceptional approval for the Company to pursue activities that are otherwise restricted by this Shareholder Direction, and may amend this Shareholder Direction at any time.

**Part 1:** The City hereby directs the Company as follows:

## 1. Purpose of the Company

The purpose of the Company is to generate a sustainable source of recurring revenue from business activities centered upon the acquisition, development, construction, management, administration and disposition of predominantly market rental housing developments in the City of Vancouver, provided that any non-residential real estate assets are ancillary to such housing.

## 2. Plans

a) The Board will establish a strategic plan with a timeframe of at least 10 years and present such plan for the City Council's approval.

b) The Board will establish annual implementation plans based on the approved strategic plan, including a detailed budget and financial plans.

c) At each annual general meeting of the Company:

i. the Board will report on the progress made on the prior year's implementation plan; and

ii. the Board will present an implementation plan for the coming year, based on the priorities established in the Company's strategic plan, for approval.

## 3. Dividends

a) The Board will prioritize the distribution of net revenue by way of annual dividends to the Shareholder, subject to maintaining prudent financial reserves and equity required to make investments in accordance with the Company's approved strategic plan and annual implementation plan.

**b)** The Board will direct the Company's management to communicate with the Shareholder's finance staff regarding dividends, including sharing projections, estimates and timing considerations**.**

## 4. Restrictions on the Disposition of Lands

The company may not dispose of, or grant any form of mortgage, charge or security over, the company's registered fee simple interest or beneficial interest (or both) in any lands without approval from the city council. For greater certainty, as contemplated in article 2.3(b) of the articles, approval must be granted by the affirmative vote of two-thirds of all of the members of city council (or such other voting threshold established by the *Vancouver charter* for the disposition of real property of the city).

## 5. Limited Borrowing Powers

a) The Company may not incur aggregate debt obligations that, if fully drawn, would exceed $200 million Canadian dollars.

b) The Company may not exercise its powers to borrow money if the loan terms include the City providing any form of security for repayment, including a guarantee, co-covenant, indemnity or pledge.

## 6. Partnerships

a) A "Partnership" for the purposes of the Shareholder Direction:

(i) includes

A. partnerships as defined by the *Partnership Act* (British Columbia); and

B. co-ownership arrangements, such as minority or majority shareholdings in corporations, and contractual joint ventures,

entered into by the Company or any wholly owned subsidiary of the Company; and

(ii) excludes

A. services agreements, such as project, development and construction management agreements;

B. stand-alone leases granted by the Company to a tenant;

C. investments in securities (including limited partnership units) for the purpose of preserving the value of the Company's capital; and

D. partnerships as described in subsection (i) solely between the Company and a wholly owned subsidiary of the Company.

b) The Company must make best efforts to negotiate Partnerships so that it obtains a 50% or greater interest in the Partnership.

c) The Company may not enter into a Partnership where it obtains less than x% interest in the Partnership, where "x" is the percentage determined by the Shareholder from time to time, normally as part of the annual implementation plan approval.

d) The Company may not enter into a Partnership:

i. where the Company's interest is less than the fair market value of the assets contributed by the Company to the Partnership, or the terms of the Partnership are otherwise non-arm's length;

ii. where the terms of the Partnership require the Company to provide any form of security for repayment of a debt owed by a Partnership, including a guarantee, co-covenant, indemnity or pledge; or

iii. where the Company retains no role in the governance of the Partnership.

## 7. Independent Director Remuneration

a) The Board will establish, maintain and update a compensation framework for the remuneration of Independent directors, ensuring that the framework aligns with independently verified market compensation for Board members of similar organizations to the Company.

b) The Board will present the remuneration framework, and any updates thereto, to the City Council for information and feedback.

## Part 2: Delegation to Shareholder Representative

Pursuant to section 161 of the *Vancouver charter,* the city council hereby delegates to a committee comprised of the deputy director of finance (ex officio) and the general manager, real estate services and facilities management (ex officio), to serve as the shareholder representative for the purpose of fulfilling the following functions:

(A) Considering and adopting shareholder resolutions to approve activities (including agreements, transactions, financings, and partnerships) that are within the limits set out the articles and this shareholder direction.

(B) Approving any other matters set out in the articles or the *business corporations act*, not expressly reserved for the city council by this shareholder direction.

The following powers and authorities are reserved for the city council:

i. Issuing the Shareholder Direction, and amendments thereto (including revocation and changes to the appointment and scope of delegation to the Shareholder Representative).

ii. Adopting Shareholder Resolutions to provide an exceptional shareholder approval of any activities (including agreements, transactions and Partnerships) that are restricted by this Shareholder Direction (as contemplated in Part 2 of the Articles).

iii. Amending the Articles.

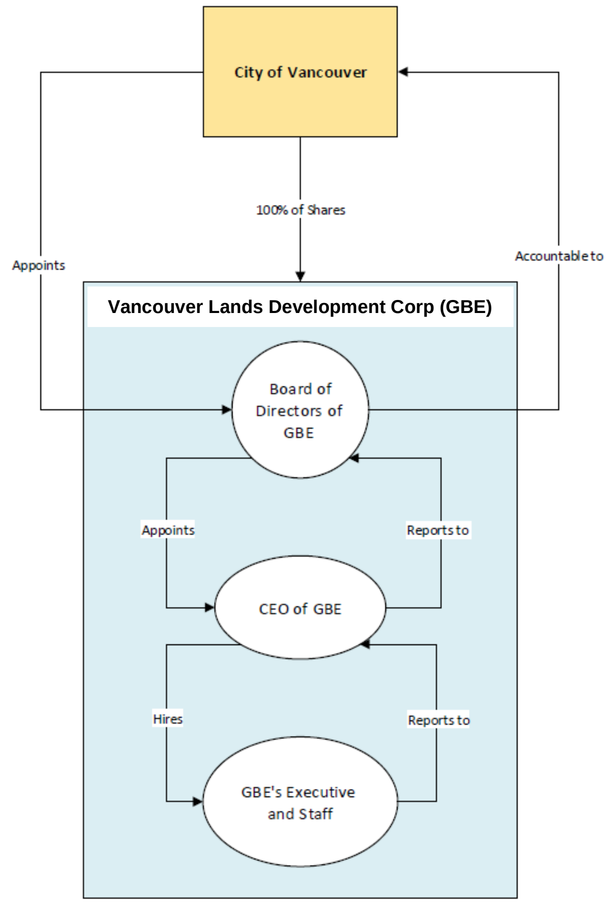
iv. Attending and voting at general meetings of the Company and issuing AGM Resolutions (if required).

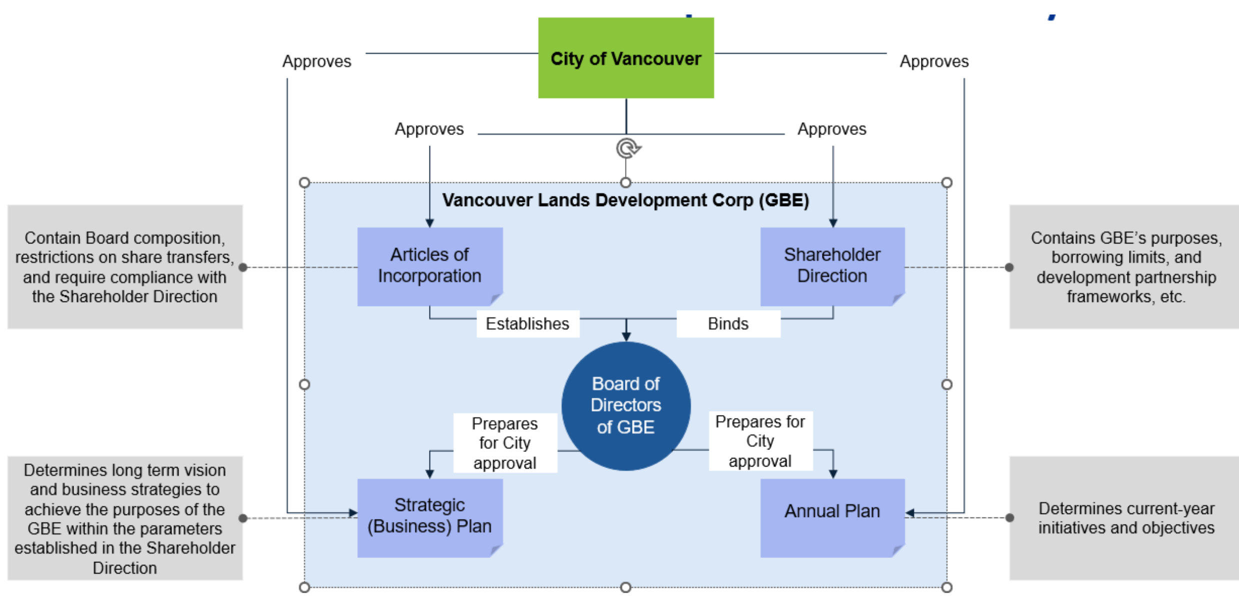
v. Regarding the Directors of the Company:

- Appointing the directors of the company, as set out in article 9.2;
- Filling vacancies, as set out in article 9.7; and
- Removing directors, as set out in article 9.9.

vi. Appointing a board observer, as described in Article 8.9.

# APPENDIX C – Ownership & Governance Structure



# APPENDIX D – Transfer of City Lands to GBE

## 1. Pacific & Hornby (2025 assessed value – $79.3 million)

1402-1460 Burrard St., 900 Pacific St. and 1401-1451 Hornby St. legally described as:

- Lot 1-12 and 23-34, Block 120. Plan VAP210, District Lot 541, NWD

| | | | | | |
|---|---|---|---|---|---|
| PIDs: | 015-506-380 | 015-506-401 | 015-506-428 | 015-506-444 | 015-506-487 |
| | 015-506-541 | 007-796-587 | 007-796-668 | 007-796-340 | 007-796-773 |
| | 007-796-862 | 015-506-568 | 015-506-576 | 002-559-463 | 015-506-584 |
| | 015-506-592 | 013-344-617 | 013-344-641 | 002-559-480 | 002-559-536 |
| | 002-559-544 | 002-559-552 | 002-559-579 | 002-559-501 | 002-559-510 |

## 2. Granville Loops, sub-area A, B & D (2025 assessed value – $144.0 million)

625 and 777 Pacific St. legally described as:

- Lot A, B and D, Block 112, Plan EPP131478, District Lot 541, NWD Group 1

PIDs: 032-415-753 032-415-761 032-415-788

## 3. Main & Terminal (2025 assessed value – $97.7 million)

1510 Quebec St and 1405 Main St. legally described as :

- Lot 1 and 2, Plan 15505, District Lot 2037, NWD

PIDs: 007-654-014 007-654-065

## 4. 2400 Kingsway (2025 assessed value – $36.4 million)

2396 and 2400 Kingsway, 2411 and 2493 East 33rd Ave. legally described as:

- Lot 3-8 and 10-11, Block L, Plan VAP6423, District Lot 393, NWD;
- REM Lot 5 and 6, Block 11, VAP780, District Lot 393, NWD
- REM Lot 8, Lot 9 and REM Lot 10, Block 11, VAP3283, District Lot 393, NWD

| | | | | | |
|---|---|---|---|---|---|
| PIDs: | 010-895-965 | 010-895-990 | 010-896-007 | 010-895-957 | 010-895-949 |
| | 010-895-931 | 010-895-922 | 010-895-914 | 015-106-764 | 015-106-756 |
| | 012-998-028 | 012-997-994 | 012-997-978 | | |

## 5. Marpole (2025 assessed value – $36.3 million)

8324, 8460 and 8486 Granville St. legally described as:

- REM Lot A, Block 8, Plan VAP295, District Lot 325, NWD
- Lot B, Block 8, Plan VAP9276, District Lot 325, NWD
- REM Lot 4, Block 8, VAP295, District Lot 325, NWD

PIDs: 015-390-322 009-710-108 015-390-349

## 6. Main St. (2025 assessed value – $17.9 million)

3917-3981 Main St. legally described as:

- Lot I , Block 5, Plan VAP16942, District Lot 630, NWD
- Lot X and REM Lot B, Block 5, Plan VAP25446, District Lot 630, NWD

PIDs: 007-426-909 013-643-738 013-643-703