

Unanimous Shareholder Agreement



UNANIMOUS SHAREHOLDER AGREEMENT

This agreement is about establishing control and accountability provisions. A Unanimous Shareholder Agreement (USA) is a document that outlines shareholder rights, obligations shareholders have to each other, and allows shareholders to assume a greater deal of control over the management and operation of a corporation.

In a corporation without a USA, the Board of Directors manages all affairs of the corporation, including key financial, organizational, and business decisions. A USA counteracts this dynamic and allows shareholders to assume greater control in agreed upon key areas.

A USA is especially important for Claystone Waste Ltd. because it would be a municipally controlled corporation acting as the general partner of the Claystone Waste Limited Partnership, and accordingly must remain accountable to its municipal shareholders and the residents of the Beaver Region. A key benefit of the Claystone Waste proposal is that it allows for greater municipal control than does the existing regional services commission structure. The USA is how this control is accomplished.

KEY PROVISIONS

ESTABLISHES MUNICIPAL SHAREHOLDER CONTROLS

The USA dictates that in certain key matters, decisions will not be made by the Board of Directors, but rather will go back to each municipal council for approval, allowing direct resident input.

For instance, the USA dictates that any changes related to utility rate structures that residents pay for waste management services must be approved by the municipal shareholders through annual business plans, or by unanimous consent if not part of the annual business planning process.

The USA also allows for municipal shareholder oversight in financial and operational decisions. Unless already approved by the municipal shareholders through the business planning process, the USA dictates that any new operational or capital expenditures or debt financing, or any other matters that reflect a material change in Claystone's business, must receive consent of the municipal shareholder councils.

PROMOTES PUBLIC ACCOUNTABILITY

The USA establishes the process for public accountability measures including annual general meetings of the municipal shareholders where audited financial statements must be presented, where new business plan items must be approved, and where board appointments can be considered.

PROTECTS SERVICE LEVELS AND RATE STRUCTURES FOR RESIDENTS AND BUSINESSES

The USA guarantees that current service levels and rate structures for residents and businesses are maintained throughout the proposed transition to Claystone Waste. The USA further dictates service levels and rate structures are reviewed every five years and that any proposed changes must receive unanimous consent from all municipal councils.

The Unanimous Shareholder Agreement is between all shareholder municipalities and outlines shareholder rights, establishes control provisions for municipal oversight, and helps ensures the operations of Claystone Waste are conducted in the public interest.