

THIS DOCUMENT IS AN EXAMPLE FOR GENERAL INFORMATION PURPOSES ONLY AND CANNOT BE RELIED UPON AS LEGAL ADVICE. INDIVIDUALS ARE EXPECTED TO OBTAIN INDEPENDENT LEGAL ADVICE WHEN CONSULTING THIS DOCUMENT AND PRIOR TO SIGNING ANY DOCUMENT.

**MANAGEMENT ARRANGEMENT AGREEMENT**

**BETWEEN:**

hereinafter called the "Donor"

and

hereinafter called the "Manager"

**WHEREAS:**

- A. The Donor is a Minister as defined in the *Conflicts of Interest Act*, RSA 2000, c C-23 (hereinafter called the "**Act**") and, as required under section 21(2) of the Act, any business carried on by the Donor must be carried on by way of a management arrangement approved by the Ethics Commissioner appointed pursuant to the Act (hereinafter called the "Ethics Commissioner").
- B. This Agreement is necessary in order to transfer all of the rights and privileges associated with the shares, units or interests of [insert name(s)] (hereinafter called the "**Business**") owned by the Donor to the Manager;
- C. The transfer of all of the rights and privileges associated with the shares, units or interests of the Business will permit the Manager to control and manage the Business without any advice, direction or instruction from, participation by, or knowledge of, the Donor;
- D. The Manager is a person who is at arm's length from the Donor and has been approved by the Ethics Commissioner;
- E. This Agreement is necessary in order to comply with the requirements of section 21(2) of the Act;

- F. It is understood that the Manager cannot, at any time, transfer, alienate, divide, hypothecate, sell, or substantially modify the shares, units or interests of the Business without the prior written approval of the Ethics Commissioner;

**NOW, THEREFORE, IN CONSIDERATION** of the promises and covenants and agreements herein contained, the parties hereto hereby agree as follows:

**1. POWERS OF THE MANAGER**

- 1.1 The Donor hereby agrees to immediately initiate any and all arrangements and procedures and execute and endorse such forms, proxies, assignments, powers of attorney, and other assurances as may be required for the Manager to exercise all of the rights and privileges associated with the shares, units or interests of the Business in order to control and manage the Business on the terms and conditions set out in this Agreement.
- 1.2 The Manager hereby accepts the appointment of Manager and agrees to the terms and conditions set out in this Agreement.
- 1.3 Except as otherwise provided in this Agreement, the Manager shall hold and exercise all of the rights and privileges (including, without limitation, voting rights) associated with the shares, units or interests of the Business and shall control and manage the Business, as if the Manager were the legal and beneficial owner of the Business, without any advice, direction, or instruction from, participation by, or knowledge of the Donor.
- 1.4 Without limiting the generality of section 1.3, and except as specifically provided in sections 2.1, 2.2, 2.3 and 2.5 of this Agreement, the parties agree and acknowledge that, so long as this Agreement is in effect,
- (a) the Donor shall be completely excluded from any direction, management or control of the Business or any part thereof, directly or indirectly, in whatever form it may be, including, without limitation, the direction, management or control of any shares, units or interests of the Business or the direction, management or control of any assets, transactions or operations of the Business;
  - (b) the Manager shall not, in any way, disclose or communicate to the Donor, or to anyone on the Donor's behalf, any information in connection with the Business or any part thereof, including, without limitation, any financial statements in respect of the Business or any information respecting the shares, units or interests of the Business or the assets, transactions or

operations of the Business;

- (c) the Manager shall not, in any way, seek or accept any advice, direction or instruction from the Donor, or from anyone on the Donor's behalf, and shall not, in any way, act upon any advice, direction or instruction which might be given by the Donor, or by anyone on the Donor's behalf, in connection with the Business or any part thereof, including, without limitation, in connection with the direction, management or control of any shares, units or interests of the Business or the direction, management or control of any assets, transactions or operations of the Business;
  - (d) the Donor shall not, directly or indirectly, offer or provide any advice, direction or instruction to the Manager, or participate in any discussions or decision-making processes, however or wherever they may arise, about any matters in connection with, or which could affect, the Business or any part thereof, including, without limitation, about matters which may affect any shares, units or interests of the Business or any assets, transactions or operations of the Business; and
  - (e) the Donor shall not, directly or indirectly, vote any shares, units or interests of the Business or vote on any matters in connection with, or which could affect, the Business, including, without limitation, about matters which may affect any shares, units or interests of the Business or any assets, transactions or operations of the Business.
- 1.5 The Manager cannot, at any time, transfer, alienate, divide, hypothecate, sell, or substantially modify the shares, units or interests of the Business without the prior written approval of the Ethics Commissioner.
- 1.6 The Manager shall have the powers set out in this Agreement from and after the date of this Agreement.
- 1.7 The Manager shall not be responsible in any way for any loss or diminution that may occur in connection with the Manager's control and management of the Business, so long as the Manager acts in good faith and exercises reasonable judgement.
- 1.8 The Donor acknowledges that, so long as this Agreement is in effect, the Donor may not lawfully require the Manager to violate the terms and conditions of this Agreement or of the Act, and this section may be pleaded in estoppel by the Manager in respect to any action, suit or other proceeding by the Donor, or anyone on behalf of the Donor, to require the Manager to do so.

## 2. DISCLOSURE

- 2.1 The Manager shall issue to the Donor annually, after such statements have been audited, basic financial statements stating only the net worth and any increase or decrease in the net worth of the Business, but shall not disclose, expressly or by inference, any information regarding the operations of the Business or regarding any transactions respecting the assets of the Business which the Manager may have undertaken or completed or which may be contemplated or proposed.
- 2.2 The Manager may disclose information relating to the Business, and the income or capital positions and any gains or losses in relation thereto attributable to the Donor, to a person designated by the Donor only if
- (a) the Donor provides request to the Manager in writing;
  - (b) the Manager reasonably considers the disclosure to be necessary for a valid purpose, including, without limitation, the completion and filing of income tax and corporate returns by the Donor or the furnishing of information requested by the Donor's financial institution from time to time; and
  - (c) the Manager has obtained the agreement of such designated person in writing that the information provided shall be treated as strictly confidential and shall not be communicated, directly or indirectly, to the Donor or to anyone on the Donor's behalf.
- 2.3 The Manager shall deliver, from time to time, to a person or persons designated by the Donor in writing, such data and information in respect of the income and capital gains or losses of the Business as may be necessary to enable the preparation of all federal, provincial and other income tax, information and other similar returns required by the law of any relevant jurisdiction.
- 2.4 Each year at a time determined by the Ethics Commissioner, and at any time immediately upon request by the Ethics Commissioner, the Manager shall promptly provide to the Ethics Commissioner a written report in a form and manner satisfactory to the Ethics Commissioner, which includes:
- (a) Audited financial statements in respect of the Business;
  - (b) The amount of any declared dividends in respect of the Business during that year and of the invoiced fees of the Manager;
  - (c) Detailed investment statements for any publicly-traded securities, or private

offerings, which are held in the Business's legal name(s); and

(d) Any other information in connection with the Business as may be requested by the Ethics Commissioner.

- 2.5 Nothing in this agreement shall prevent a Manager from making such disclosure with respect to the Business as may be required in order to comply with any applicable statute, regulation, court order, or order of a commissioner appointed under the *Public Inquiries Act*, RSA 2000, c P-39.

### **3. DISTRIBUTIONS FROM BUSINESS**

- 3.1 The Manager shall, upon written request of the Donor, pay to the Donor such amount of the annual income of the Business as the Donor may require. To the extent that the annual income of the Business was not paid to the Donor in any year, the Manager shall designate as payable to the Donor such amount of the annual income of the Business as the Donor may elect by notice in writing to the Manager.
- 3.2 The Manager shall, upon the written request of the Donor, pay to the Donor out of the Business any moneys which, in the opinion of the Donor, are necessary for the purpose of paying income or capital gains tax arising from or in connection with the Business either directly or indirectly.
- 3.3 If the Donor advises the Manager in writing that the Donor requires any part of the capital or income of the Business, the Manager shall convert and liquidate such portion of the Business as may be necessary or advisable for such purpose and shall issue the proceeds to the Donor.

### **4. COMPENSATION OF MANAGER**

- 4.1 The Manager shall from time to time be entitled to receive reasonable compensation for the Manager's services and reimbursement for the Manager's expenses in connection with carrying out the Manager's duties under this Agreement.
- 4.2 The amount of compensation payable to the Manager under section 4.1 shall be agreed upon from time to time by the Manager and the Donor, or failing agreement, such amounts or such rates payable to trustees from time to time according to the laws in the Province of Alberta.
- 4.3 The amount of compensation and expenses payable to the Manager under section 4.1 shall be subject to the written approval of the Ethics Commissioner.

## **5. APPOINTMENT AND RESIGNATION OF MANAGERS**

- 5.1 The Manager may resign by giving notice in writing to the Donor not less than sixty (60) days before the resignation is to take effect.
- 5.2 The Donor may require the Manager to resign by giving notice in writing to the Manager.
- 5.3 If the Manager resigns under section 5.1 or is required to resign by the Donor under section 5.2, the Donor shall, subject to the prior written approval of the Ethics Commissioner, promptly appoint another person to act as Manager, and the existing Manager shall promptly provide to the new Manager an accounting in respect of the Business satisfactory to the new Manager. The appointment of the new Manager will not take effect until such time as the existing Manager provides an accounting in respect of the Business satisfactory to the new Manager.
- 5.4 If the Manager becomes incapacitated or dies during the currency of this Agreement, the Donor shall, subject to the prior written approval of the Ethics Commissioner, promptly appoint a replacement Manager, who upon the making of such appointment shall hold and exercise all of the rights and privileges (including, without limitation, voting rights) associated with the shares, units or interests of the Business.

## **6. TERMINATION**

- 6.1 This Agreement shall remain in full force in accordance with its terms for at least as long as the Donor is required by the Act, or any revisions to the Act from time to time effected, to maintain this Agreement or some substitution for this Agreement.
- 6.2 Upon the Donor no longer being required to comply with the Act, and upon the Donor requesting the Manager in writing to do so, the Manager shall initiate any and all arrangements and procedures and execute and endorse such forms, proxies, assignments, powers of attorney, and other assurances as may be required for the Donor to hold and exercise all of the rights and privileges associated with the shares, units or interests of the Business.
- 6.3 If the Donor dies during the currency of this Agreement, and upon receiving written notice of the death of the Donor from a person claiming to be the personal representative of the estate of the Donor and evidence satisfactory to the Manager of that person's due authority to so act, the Manager shall initiate any and all arrangements and procedures and execute and endorse such forms, proxies,

assignments, powers of attorney, and other assurances as may be required for the estate of the Donor as represented by such person to hold and exercise all of the rights and privileges associated with the shares, units or interests of the Business.

**7. GENERAL**

- 7.1 This Agreement is irrevocable, except as set out in Articles 5 and 6 hereof.
- 7.2 Any reference herein to gender, number or person shall apply to a person or persons as either gender or to any firm or corporation, as the case may require, and singular shall include the plural where the context so requires.
- 7.3 This Agreement shall be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns.
- 7.4 Time shall be of the essence in this Agreement.
- 7.5 This Agreement hereby created shall be deemed to be created under the laws of the Province of Alberta and all matters relating thereto shall be determined under the laws of the Province of Alberta.

IN WITNESS WHEREOF the Donor and the Manager hereunto set their respective hands and seals.

SIGNED, SEALED AND DELIVERED on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
WITNESS

\_\_\_\_\_  
DONOR (seal)

\_\_\_\_\_  
WITNESS

\_\_\_\_\_  
MANAGER (seal)