

**MINUTES OF A MEETING OF
SHAREHOLDERS OF THE LATCHFORD ENTERPRISES CO-OPERATIVE
MAY 8, 2007 AT 7:00 P.M.
AT THE LATCHFORD COMMUNITY RECREATION CENTRE**

A meeting was convened with over 5% of shareholders of the Latchford Enterprises Co-operative Limited in attendance, as advised in the letter of April 5, 2007, and which was accepted by approximately 58% of shareholders.

Attached hereto is a list of those in attendance.

Prior to the formal opening of the meeting, Peter Davies reviewed the offer as outlined in the letter of April 5, 2007. Following is a summary of the offer as reviewed:

Without Prejudice Offer

- Corporation of the Town of Latchford is offering you a settlement based on "XXX" dollars per share which is 50% of the original value (\$20) for each of your shares. i.e. If you own 8 shares it would total **\$80.00**.
- In addition the Corporation of the Town of Latchford is offering to pay the Mortgage to the individuals who now own it for the amount they paid for it (approximately \$20,000).
- The Town is prepared to write off property taxes arrears of \$3,705.60.
- The Town is also prepared to write off water and sewer taxes arrears of \$2,127.71
- For this, the Corporation of the Town of Latchford will receive free and clear title to all Co-Op lands, property and chattels.
- The Town will pay for the legal transfer fees.
- In addition, the Co-Operative Enterprises Ltd must be dissolved.

The total value of the offer is approximately \$39,333.31, consisting of \$13,500.00 for share value, \$20,000.00 to buy out the mortgage and \$5,833.31 for outstanding property taxes and utility charges.

Mr. Davies also informed those present that another lawsuit had been received from their Co-operative, with respect to the letter of April 5, 2007; lawsuits exist against members of Council of the town; staff of the Town; and volunteers of the Town.

Mr. Davies asked if there were any questions regarding the offer before the meeting was turned over to the shareholders.

Lillie May Matton, who said she was a Board member of the Latchford Enterprises Co-operative, stated that the meeting was not a legal meeting as no one wrote the Board to advise them of the meeting. Mr. Davies responded that the letter had gone out to all members, including the Board, and also there had been attempts made to contact the Board, with no success. Mr. Davies advised that in accordance with the Latchford Enterprises Co-operative By-laws, copies of which were circulated to those present, if 5% of the membership wishes they can call a meeting. At this time, the shareholders present were asked if they had been notified of a meeting over the past year or two; the general and strong response was they had not. It was noted that it was not clear who was on the Board of Directors of the Latchford Enterprises Co-operative.

Ms. Matton stated that you can not transfer shares unless this goes through the Board. It was explained that the shares are not being transferred to the Town. The Town is paying the shareholders an amount at 50 cents on the dollar for shares purchased. The Town will not be taking ownership of said shares.

Mr. Davies asked Ms. Matton if the Board had contacted the shareholders in the past to advise of meetings, and what was going on, as it appeared from feedback received from shareholders they had never been notified over the past few years. Ms. Matton began to say something to the affect that the Board did notify shareholders, but at this time

there was an outcry from the shareholders in attendance, which generally alluded to the fact that they had not received notification or advisement for some time.

Gerry Remillard asked Ms. Matton if she was still a Board Member, as he understood she had quit during her term on council. Ms. Matton said she was a Board Member.

Mr. Davies asked Ms. Matton who the members of the Board were, and Ms. Matton advised as follows:

Harold Watts, President; Joan Proulx, Secretary-Treasurer; Nancy Fodden, Vice-President; Don Batson, Member; Larry Matton, Member; Gord Fodden, Member; Lillie May Matton, Member.

It was questioned if any shareholders present had attended a meeting, or received notice of a meeting at which the persons noted above were voted in as the Board of Directors. From the response, it is recorded that those shareholders present had not been notified of a meeting, and therefore had not been present at a meeting at which the persons noted above were voted in as directors of the Board.

Ms. Matton stated that under the Municipal Act, the Town can not purchase shares. Ms. Matton advised that she had spoken with Gord Tokaryk, Municipal Advisor and David King, Ministry of Municipal Affairs, who informed her of this also. Mr. Davies advised that the Town had passed the procedure through the Town Solicitor.

At this point, Mr. Davies suggested the shareholders take over the meeting, as it was their meeting, and invited Ms. Matton as a Board Member to act as chair of the meeting. Mr. Davies noted that all resolutions would be voted on by shareholders from the floor. He asked who in attendance had their shares removed. There was a show of hands and low comments from the floor.

Mr. Davies then reviewed the resolutions.

Mr. Davies noted that the one resolution would see shares of deceased shareholders turned over to the estate of the deceased as this would seem to be the fair way to proceed. Apparently, in some instances, the Board had agreed to this in the past.

Mr. Davies again invited Ms. Matton to act as Chair for the meeting and Ms. Matton gave a negative response. Ms. Matton stood and said there was no Co-Op...the Co-Op was bankrupt. Ms. Matton made a comment – referring to the mortgage holders hold the mortgage and that's it; and as she left the meeting, she stated that "I hope you enjoy your shares".

Dave Robson asked what the Town planned to do with the property if the settlement proceeded as planned. Mr. Davies asked Mr. Hamilton to expand, as Mac Hamilton is the councillor in charge of economic development and working on the waterfront project. Mr. Hamilton noted that first and foremost was to settle the matter at hand; he then explained that the Town would ask the public what they would like to see happen to this property, if this settlement is completed. He did suggest perhaps leasing the property to a qualified marina operator, if that was what the Town wished. Mr. Hamilton advised that the planned waterfront development would improve the access to the water as it is unsafe at this time. Plans are in the preliminary stage to develop a walkway around the waterfront and along the park area to the Community Centre. Mr. Hamilton noted that perhaps the boats could be used again for trips for tourists and the public as in the past. Mr. Davies agreed and suggested it should be free; and also suggested the property in question could be used as expanded parkland.

Mr. Dave Robson was voted in to chair the meeting.

Mr. Davies reviewed the process of passing the motions, as those members who had shares removed by the Board should not move or second a motion until the motion reinstating their shares was passed. The following resolutions were passed:

Mr. Robson requested the Latchford Clerk-Treasurer, Betty Gibson, to assist him and record minutes.

Resolution No.: 07/1

Moved By: Dorothy Paige

Seconded By: Helen LaRose

Be it resolved that David Robson be accepted as chairperson for this meeting.

CARRIED

Resolution No.: 07/2

Moved By: Michelle Menard

Seconded By: Helen LaRose

Be it resolved that the meeting be called to order.

CARRIED

Resolution No.: 07/3

Moved By: Jeannine Wilks

Seconded By: Dorothy Paige

Be it resolved that all persons who have had their shares removed by past and present boards of Latchford Enterprises Co-operative Limited under Sections 6 and 7 of Article 2 of the By-laws, have their membership and shares recognized and that such removal is declared null and void.

CARRIED

Resolution No.: 07/4

Moved By: Janice Packard

Seconded By: Joe Symons

Be it resolved that notwithstanding Section 4 of Article 2 of the By-laws, the shares of all deceased members shall become part of the estate of the deceased members and shall be held in good standing by Latchford Enterprises Co-operative Limited.

CARRIED

Resolution No.: 07/5

Moved By: Mary Lomax

Seconded By: Michelle Menard

Be it resolved that in accordance with Section 7 of Article 4 of the by-laws proxy votes shall be counted.

CARRIED

Resolution No.: 07/6

Moved By: Bryan French

Seconded By: Jeannine Wilks

Be it resolved that Latchford Enterprises Co-operative Limited accepted the offer of settlement by the Corporation of the Town of Latchford presented in the letter dated April 5, 2007.

CARRIED

Resolution No.: 07/7

Moved By: Mildred Eden

Seconded By: Dorothy Paige

Be it resolved that the decisions made at this meeting shall be carried out by June 7, 2007, where possible.

CARRIED

Resolution No.: 07/8

Moved By: Evelyn Burns

Seconded By: Stephanie Nealon

Be it resolved that the members of the Latchford Enterprises Co-operative request Council to pay for the expense of legal counsel to carry out all the required legal procedures to process the offer of settlement outlined in the letter dated April 5, 2007.

CARRIED

Resolution No.: 07/9

Moved By: Mary Lomax

Seconded By: John Smerdon

Be it resolved that a meeting be scheduled for Thursday June 7, 2007 at 7:00 p.m. at the Latchford Community Recreation Centre to finalize any outstanding arrangements of the offer of settlement, outlined in the letter of April 5, 2007.

CARRIED

Resolution No.: 07/10

Moved By: Dorothy Paige

Seconded By: Jeannine Wilks

Be it resolved that the meeting be adjourned at 8:10 p.m.

CARRIED

During the passing of the above resolutions, the following discussions occurred.

Mr. Smerdon asked for clarification on the process used to determine the amount paid for shares. It was explained that each shareholder had paid \$20 per share and the Town would pay 50% of that per share - \$10 per share.

Mary Lomax questioned the possibility of the present Board trying to stop this offer of settlement. Mr. Davies responded that the shareholders in attendance are the Co-op and the percent of acceptance of the offer of settlement outlined in the April 5th letter was well above what was required. 89 acceptance votes were returned; approximately 30 shareholders could not be found; and a few were not interested. Twenty-three shareholders were counted at the meeting.

Mr. Davies stated that the Town would provide the \$20,000 to pay off the mortgage on the Latchford Enterprises Co-operative, as it is unclear if there are any funds in the Co-operative account. Mr. Davies advised that Council had passed a resolution approving this. Ultimately, it will be for the residents of Latchford.

Mary Lomax asked if a notice for the next meeting will be posted and was advised that a notice will be placed in the local paper, on the website, and letters will be written to all shareholders.

Mr. Davies suggested that the shareholders engage legal counsel to represent them as an executor to follow through on the above resolutions and carry out the required procedures as outlined in the letter dated April 5, 2007 through to completion.

These minutes were recorded by Betty Gibson at the request of the attending shareholders.

Recording Secretary

Date