COLUMBIA BASIN TRUST
a legacy for the people

Phone: 1-800-505-8998
Fax: (250) 365-6670
E-mail: cbt@cbt.org
Suite 300, 445 - 13th Avenue
Castlegar, BC V1N 1G1

February 4, 2010

Ms. Shauna Brouwer
Assistant Deputy Minister
Management Services Division
Ministry of Community and Rural Development
PO Box 9842 Stn Prov Govt
Victoria, BC V8W 9T2

Dear Shauna:

Enclosed please find two copies of the Shareholder's Letter of Expectations, which have been signed on behalf of the Board of Columbia Basin Trust by our Chair, Garry Merkel. I understand that you will arrange for the Letters to be signed by the Honourable Bill Bennett. Once we receive a countersigned version back from your office, the Shareholder's Letter will be made available to the public on our website.

Yours truly,

Neil Muth
President and Chief Executive Officer

Encl.

BRITISH COLUMBIA

The Best Place on Earth

SHAREHOLDER'S LETTER OF EXPECTATIONS

BETWEEN

THE MINISTER OF COMMUNITY AND RURAL DEVELOPMENT (AS REPRESENTATIVE OF THE SHAREHOLDER, THE GOVERNMENT OF BRITISH COLUMBIA)

AND

THE CHAIR OF THE COLUMBIA BASIN TRUST (AS REPRESENTATIVE OF THE CORPORATION)

PURPOSE

This Letter of Expectations between the Shareholder and Corporation is an agreement on their respective roles, responsibilities and on corporate mandate including high level strategic priorities, public policy issues and performance expectations[1]. This Letter is reviewed and updated annually. The Letter is the basis for the development of the Corporation's Service Plans and Annual Service Plan Reports. This Letter applies equally to both parties. The Letter does not create any legal or binding obligations on the parties and is intended to promote a co-operative working relationship.

[1] The Province of British Columbia's Crown Agency Accountability System (CAAS) (http://www.gov.bc.ca/cas/attachments/shareholders_expectations_manual.pdf) establishes guiding principles for the governance of Crown corporations. The CAAS identifies roles and responsibilities for the Shareholder and Crown corporations, and provides for a Shareholder's Letter of Expectations (Letter) to be jointly developed.

CORPORATION ACCOUNTABILITIES

Government has provided the following mandate direction to Columbia Basin Trust:

- continue, in accordance with the *Columbia Basin Trust Act*, to invest and otherwise manage the Corporation's assets to create an ongoing legacy of economic, environmental and social well-being for present and future generations; and,
- seek the guidance of, and remain accountable to the residents of the Columbia Basin through the implementation and further development of the Columbia Basin Management Plan.

In carrying out its mandate, the Shareholder confirms that:

- the purpose of Columbia Basin Trust is to manage resources for the ongoing economic, environmental and social benefit of the Columbia Basin region, for the well-being of the Columbia Basin residents to whom it is ultimately responsible;
- the Columbia Basin Trust has a unique mandate which is legislated in the Columbia Basin Trust Act and is reflected in the various agreements the Columbia Basin Trust has entered into;
- ongoing efforts of the Columbia Basin Trust support the desire of the Columbia Basin residents to sustain a legacy of social, environmental and economic well-being for present and future generations; and
- in fulfilling its role under the Columbia Basin Trust Act, the Columbia Basin Trust solicits the input of region residents before affecting any major amendments to the Columbia Basin Management Plan.

To achieve this mandate direction, and in response to the Shareholder's general direction, frameworks and principles, the Corporation will:

- ensure that the Corporation's priorities reflect government's goals of building a strong economy; job creation; infrastructure and private sector investment; First Nations reconciliation; and climate action initiatives;
- conduct its affairs to achieve its mandate and the performance expectations of the Shareholder, including establishing and implementing corporate strategies, policies, programs, plans and financial outcomes consistent with the Shareholder's general direction and with the principles of integrity, efficiency, effectiveness, and customer service;
- conduct its operations and financial activities in a manner consistent with the legislative, regulatory and policy framework established by the Shareholder;
- prepare Service Plans with clearly articulated goals, strategies, performance measures and targets, and Annual Service Plan Reports that describe progress toward achieving those goals, strategies, performance measures and targets and post both documents on its website;
- display annual *Financial Information Act* – Statement of Financial Information and Executive Compensation Disclosure Schedules, a Remuneration for Appointees to Crown

Agency Boards Schedule and Corporate Governance Disclosure in an easily accessible website location;
- develop and implement strategies to manage financial and performance risks identified in the Service Plan;
- provide the Shareholder with reports and other information that would enable the Shareholder to carry out its responsibilities; and
- inform the Shareholder immediately if the Corporation is unable to meet the performance and financial targets identified in its Service Plan.

The Shareholder also sets broad policy direction to ensure the Corporation's operation and performance is consistent with government's strategic priorities and Fiscal Plan, as such the Corporation will:

- comply with the Shareholder's requirements to make the Public Sector carbon neutral by 2010, including: accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through investments in the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations;
- support the Healthier Choices Initiative, ensuring that all vending machines located in facilities owned or leased by the Corporation have food products which meet the Shareholder's Nutrition Guidelines for Vending Machines in Public Buildings;
- ensure the Shareholder is advised in advance of the release of any information requests by the Corporation under the *Freedom of Information and Protection of Privacy Act*;
- ensure any debit/credit card payment services provided to the public are in compliance with the international Payment Card Industry (PCI) Data Security Standards, by the October 1, 2010 deadline;
- for Corporations subject to the *Public Sector Employers Act*, ensure the Corporation's membership in the Crown Corporation Employers' Association is in good standing;
- annually assess the Board appointment process to ensure that succession results in a balance of renewal and continuity of Board membership, and provide the results of this assessment to the Shareholder for consideration;
- ensure that Board appointments to Crown corporation subsidiaries have been approved by Cabinet; and
- comply with government's requirement that lobbyists not be engaged to act on behalf of the Corporation in its dealings with government.

In addition, the Shareholder directs the Corporation to take the following specific actions:

- ensure that the management of investments and delivery of benefits to Basin residents are efficient and effective;
- develop measures for evaluating the Corporation's overall delivery of benefits activities;
- ensure that it does not purport to represent the Shareholder in any statements or matters of an inter-provincial, federal-provincial or international nature; and

- directors nominated by regional districts and the tribal council pursuant to the *Columbia Basin Trust Act* will report on the Corporation's activities to their respective nominating bodies.

SHAREHOLDER'S RESPONSIBILITIES

The Shareholder is responsible for the legislative, regulatory and public policy framework in which Crown corporations operate. In order to meet these responsibilities and support achievement of government's performance expectations, the Shareholder will:

- establish, review, revise and communicate any changes to the Corporation's mandate;
- establish and communicate the general and Crown-specific financial frameworks under which the Corporation operates (borrowing, investment, and payment to the Shareholder);
- issue performance management guidelines, including guidelines for Service Plans and Annual Service Plan Reports (http://www.gov.bc.ca/cas/publications/index.html);
- review, provide feedback and final approval of the Corporation's Service Plans and Annual Service Plan Reports;
- provide broad policy direction and confirmation of general frameworks/principles to the Corporation, within which the Corporation may establish/apply specific policies/processes;
- advise the Corporation of government's strategic priorities, decisions and public policy and any performance objectives and expectations that may impact the Corporation; and
- issue directives or orders or sponsor submissions on behalf of the Corporation that may be required to seek decisions or policy direction by the Executive Council or its committees, in order to facilitate the Corporation fulfilling its mandate and achieving the performance targets outlined in its Service Plans.

The Shareholder has developed policies for Ministries and Crown corporations for Capital Asset Management (http://www.fin.gov.bc.ca/tbs/camf.htm) and Remuneration Guidelines for Appointees to Crown Agency Boards (http://www.gov.bc.ca/cas/publications/index.html). The Shareholder has also issued the Best Practice Guidelines – BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations (http://www.lcs.gov.bc.ca/brdo/governance/index.asp). During the term of this Letter, the Shareholder may provide additional policy direction to the Crown agency sector, and will communicate such direction, including implementation expectations, to the Corporation as decisions are made.

The Shareholder will also, on a continuing basis, monitor the achievement of the goals, objectives, performance and financial targets, and risk assessments identified in the Corporations' Service Plans.

Specific to the Corporation, the Shareholder:

- has continued the Corporation under the *Columbia Basin Trust Act;*
- will continue to retain in the fiscal plan the remaining funding commitments set out in the Financial Agreement between the Corporation and the Province dated July 27, 1995; and,

- will arrange for the appointment of nominees brought forward by the Corporation for one-third of the membership of the Board of Directors of Columbia Power Corporation.

AREAS OF SHARED ACCOUNTABILITY:

The Province and Columbia Basin Trust recognize the importance of consulting with residents of the Columbia Basin on Columbia River Treaty related issues, and will strive to work in a coordinated manner with respect to engaging residents on Columbia River Treaty issues.

Communications

It is agreed by both the Shareholder and the Corporation that, to ensure effective and efficient day-to-day communications and relationship building, representatives for both parties will be tasked with implementing the contents of this Letter and keeping the Minister Responsible and the Board of Directors informed of progress in a timely fashion.

Reporting

The Shareholder and the Corporation are committed to transparency and accountability to the public. The Shareholder has put in place a public reporting structure which is set out in the *Budget Transparency and Accountability Act*, the *Financial Administration Act*, and the *Financial Information Act*. The Shareholder has provided the Corporation with an Information Requirements and Events Calendar which sets out financial and performance reporting requirements (http://www.gov.bc.ca/cas/publications/index.html). The Corporation agrees that it will meet these financial and performance reporting requirements. If government determines that changes to the reporting requirements are necessary, the Shareholder will communicate these to the Corporation.

It is agreed by the parties that there will be advance discussion and review of key documents such as Service Plans, Quarterly Financial Reports and Annual Service Plan Reports. These discussions will be completed sufficiently in advance of deadlines to ensure the opportunity for effective and timely input by the Shareholder.

In addition to these financial and performance reporting requirements, the Corporation agrees to provide information to the Shareholder related to risks and opportunities anticipated in achieving financial forecasts and performance targets.

The parties agree that, as a matter of course, each will advise the other in a timely manner of any issues that may materially impact the business of the Corporation and/or the interests of the Shareholder.

It is agreed that the Corporation will post the most recent signed copy of the Shareholder's Letter of Expectations on its website. Crown Agencies Resource Office will also post a signed copy of the Letter on its website.

Review and Revision of this Letter

The Minister of Community and Rural Development is accountable for undertaking reviews of this Letter and monitoring its implementation. The Crown Agencies Resource Office is responsible for co-ordinating the overall process for preparing Letters of Expectation, and may assist the Minister in undertaking reviews of this Letter and monitoring its implementation. If deemed necessary by either party, the Shareholder and the Corporation will discuss any issues and may agree to amend this Letter on a more frequent than annual basis.

Honourable Bill Bennett Minister of Community and Rural Development	Garry Merkel Chair, Columbia Basin Trust
Date	Feb 2/10 Date

cc. Honourable Gordon Campbell
Premier

Allan Seckel
Deputy Minister to the Premier and Cabinet Secretary

Graham Whitmarsh
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Dale Wall
Deputy Minister
Ministry of Community and Rural Development

Neil Muth
Chief Executive Officer
Columbia Basin Trust

Marie Ty
A/ Assistant Deputy Minister
Crown Agencies Resource Office