AGREEMENT

—FOR THE—

CONSTRUCTION OF THE VANCOUVER AND COAST-KOOTENAY RAILWAY.

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THIS AGREEMENT made the fourteenth day of April, in the year of our Lord one thousand nine hundred and two, between HIS MAJESTY THE KING, in right of the Province of British Columbia, represented by the Honourable James Dunsmuir, Premier and President of the Executive Council, and the Honourable Wilmer Cleveland Wells, Chief Commissioner of Lands and Works for the said Province, hereinafter called "the Government," of the first part, and Lachlan McLean, Hugh McLean, and Norman McLean, of the City of Vancouver, in the Province of British Columbia, co-partners trading under the name of McLean Bros., contractors, hereinafter called "the parties of the second part," of the second part.

Whereas the parties of the second part have proposed to the Government that if they are given aid by the Province of British Columbia and the Dominion of Canada, they will, with all reasonable expedition, commence and prosecute with diligence the construction of a line of railway from a point in or near the City of Vancouver, with terminus at tide water at such point; thence eastward, via New Westminster, by the most feasible route wholly through the said Province, to a point at or near Midway, in the Boundary Creek District, and from a point at or near or south-east of the City of New Westminster to the mouth of the Fraser River, to connect with the Victoria Terminal City Railway and Ferry Company, or such other ferry or ferries as may be in operation between the said points and Vancouver Island:

And whereas the parties of the second part have agreed with the Government, in consideration of receiving the cash subsidy and the grant of land hereinafter mentioned, to build a standard gauge railway between the said points, on the terms and conditions, and subject to the provisions, hereinafter in this agreement set forth.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. The parties of the second part covenant with the Government to lay out, construct, equip, fully complete and maintain, or cause to be laid out, constructed, equipped, fully completed and maintained, a line of railway, with all proper terminal facilities, from a point in or near the City of Vancouver, with terminus at tide water at such point; thence eastward, via New Westminster, by the most feasible route through the Province of British Columbia to a point at or near Midway, in the Boundary Creek District; and from a point at or near or south-east of the City of New Westminster to the mouth of the Fraser River, to connect with the Victoria Terminal City Railway and Ferry Company, or such other ferry or ferries as may be in operation between the said points and Vancouver Island, which said railway, when fully completed as aforesaid, shall be a standard gauge railway, and up to the general standard of like gauge transcontinental railways, and shall be the property of the parties of the second part.

2. The parties of the second part shall commence work on said railway within three months after a subsidy, satisfactory to the parties of the second part, shall have been granted, by the Parliament and Government of Canada in aid of the construction of the railway, and shall duly and diligently prosecute the same until completed.

3. When and so soon as the Parliament and Government of Canada shall have granted such subsidy as aforesaid the parties of the second part shall give security for the due performance of the work herein provided for in the sum of one hundred thousand dollars, not as a penalty but as liquidated and ascertained damages due His Majesty in right of the Province of British Columbia in case of default, conditioned that the railway shall be completed within four years after the commencement of the work herein set forth, and upon completion of the railway the said security shall be returned to the parties of the second part or their nominees; and in the event of the security before mentioned being deposited by the parties of the second part in cash, the Government will allow to the parties of the second part, for such time as the money security shall remain in the hands of the Government, interest thereon at the rate of three per centum per annum.

4. To aid the parties of the second part in the construction of the railway mentioned in paragraph 1 hereof, the Government will grant and pay to the parties of the second part, for each mile of the said railway, the following sums by way of cash subsidy, namely: (*a.*) For the westerly eighty (80) miles of the railway mentioned in paragraph 1 hereof the sum of four thousand dollars ($4,000) per mile; (*b.*) for the next one hundred (100) miles thereof running easterly from the easterly end of said eighty (80) miles, four thousand eight hundred dollars ($4,800) per mile; (*c.*) for all other portions of the railway mentioned in paragraph 1 hereof (not exceeding one hundred and fifty (150) miles) four thousand dollars ($4,000) per mile.

5. The said sum of money by way of cash subsidy shall become due and be paid by the Government to the parties of the second part upon a certificate of the Government's engineer at the times and in the manner following, that is to say:—(*a.*) Eighty thousand dollars ($80,000) when and so often as twenty (20) miles of the said eighty (80) miles shall have been built; (*b.*) Forty-eight thousand dollars ($48,000) when and so often as ten (10) miles of the said one hundred (100) miles shall have been built; and (*c.*) eighty thousand dollars ($80,000) when and so often as twenty (20) miles of the other portions (not exceeding one hundred and fifty (150) miles) of the railway mentioned in paragraph 1 hereof shall have been built: Provided that the money grant in respect of the forty (40) miles immediately west of the Coast Range of Mountains shall not become due and payable until the first ten (10) miles in the Coast Range of Mountains shall have been built: Provided further, that if the last section of the railway shall be a fraction of twenty (20) miles the Government shall pay to the parties of the second part a sum equivalent to four thousand dollars ($4,000) per mile when such section shall have been built.

6. Provided always, and it is an express condition of these presents that the parties of the second part in lieu of cash shall take and receive fifty year debentures or inscribed stock not redeemable before fifty years, of the Province of British Columbia, bearing interest at the rate of three per centum per annum half yearly, at the market price of similar debentures or stock in London, England, at the time of delivery, if the Government determine to grant aid in that way instead of cash; and in the event of the bonus being paid in stock or debentures as aforesaid the Government shall hand over and the parties of the second part shall receive the difference between such market price and par in fifty year debentures or inscribed stock of the Province bearing interest at the rate of three per centum per annum half yearly and at said market price. If any dispute arises between the parties hereto as to what the market price is, the same shall be finally determined by the Manager, for the time being, of the banking house of Glynn, Mills, Currie & Co., of 67, Lombard Street, London, E. C.

7. It is agreed that the Government, in addition to the foregoing grant, will grant in fee simple to the parties of the second part lands to the extent of one million acres, upon condition of their constructing and completing said line of railway according to the terms of this Agreement.

8. Upon the parties of the second part filing with the Chief Commissioner of Lands and Works a map or plan, indicating the proposed general route and direction of the railway mentioned in paragraph 1 hereof, there shall be reserved by the Government from sale, occupation or settlement for the purposes of said land grant, that tract of land which may be described as commencing at a point on the 120th meridian of west longitude, fifty (50) miles north of the 49th parallel of north latitude; thence south along said 120th meridian forty (40)

miles; thence due west to a point on the easterly boundary of the Dominion Government Railway belt; thence northerly along said last-mentioned easterly boundary to a point thereon due west of the said point of commencement; thence due east to the said point of commencement; and the lands to be so granted are to be selected by the parties of the second part out of the Crown lands in the said reserve: Provided, however, that if on the completion of the line of railway it is found that the reserve does not contain sufficient lands to satisfy the whole grant to the said railway the parties of the second part shall be entitled to areas of Crown lands in the vicinity or contiguous to the said reserve sufficient to make up the deficiency, such areas to be selected by the parties of the second part and granted by the Government out of the Crown lands last aforesaid, in blocks of not less than ten square miles, where Crown lands in unbroken blocks of ten square miles can be obtained and are selected as aforesaid, and in smaller areas where Crown lands in unbroken blocks of ten square miles are not obtainable or selected as aforesaid, but so that every area of less than one square mile which may be selected shall, in computing the said land grant, be taken as one full square mile.

9. Provided always, that there shall be excepted from all grants made under this Agreement any lands which before the said reserve was made by the Government had been alienated or held by pre-emption, or as mineral claims; and in calculating the acreage of said reserve and of lands granted for the purposes of the said land grant there shall be excluded the acreage of lakes and of any parcels in the occupation of persons whose occupancy the parties of the second part and the Government are willing should not be disturbed, and also the acreage of the lands in paragraph 10 hereof mentioned, and any deficiency in acreage arising from such exclusion shall be made up as above mentioned.

10. The Government shall grant to the parties of the second part rights of way not exceeding two hundred feet in width along the line of railway, and such Crown lands as may be necessary for terminal purposes, sidings, stations, sheds, wharves, warehouses, embankments, cuts, bridges, culverts, drains and other works and approaches thereto. In addition to the foregoing the Government will allow the parties of the second part, without compensation therefor, to enter and take from any public Crown lands adjacent to or near the line of said railway or any of its branches, all stone, timber, gravel, and other material which may be necessary for the construction of the said railway and branches. The Crown lands mentioned in this section shall be limited to such quantity as the Lieutenant-Governor in Council shall consider reasonable and necessary for the purposes of the said railway, and the acreage thereof shall be excluded in calculating the acreage of said land grant.

11. No lands to be granted to the parties of the second part under this Agreement shall be subject to, but all such lands shall be exempt from all Provincial and Municipal taxation, except as in clause 14 hereof provided, and also except that any lands alienated by lease, sale, agreement for sale, or otherwise, by the parties of the second part shall, after such alienation, be subject to taxation: Provided, however, that the transfer of the said lands, or any of them, to a company to be formed under the provisions of paragraph 22 hereof, for the purpose of constructing or operating the said railway, or the mortgaging or charging of lands to secure bonds, debentures, debenture stock, or other securities of the parties of the second part, or of any such company, shall not be deemed an alienation within the meaning of this paragraph.

12. The railway and branches, and extensions in British Columbia, and the equipment and stations and station grounds, workshops, buildings, yards, rolling stock, appurtenances, and other property required or used for the construction, equipment and working thereof, and all personal property owned or possessed in connection with said railway, branches and extensions in British Columbia, and the capital stock of the company owning or operating the same, and all revenues arising therefrom shall be free from Provincial and Municipal taxation until the lapse of ten years from the completion of the railway hereby contracted to be built, and in lieu of all Provincial taxation after the said ten years there shall be paid to the Government each year, two per cent. of the gross earnings of the said railway and branches, and the same shall be a first charge on the said gross earnings, after the payment of the maintenance and working expenses of the railway, and the Government shall have the same rights and remedies for the collection of the said two per cent. of the gross earnings as for the collection of taxes in the ordinary manner. Should any question arise between the Government and the parties of the second part as to the amount of the gross earnings, the Government shall have

access to the books—at reasonable times—respecting such earnings to verify the correctness of all statements of gross earnings submitted to the Government. The Government may, however, at any time after the payment of the said two per cent. of gross earnings comes into operation, cancel the same and bring the said railway under the operation of the law of the Province governing the taxation of railways, in which case the said two per cent. on gross earnings will thereafter be no longer payable, and the said road will be subject to taxation.

13. Nothing in this Agreement, and no grant to be made hereunder shall be construed to interfere with free miners entering upon and searching for minerals and acquiring claims in accordance with the mining laws of the Province, and they shall also have the right to acquire the surface of mineral claims from the parties of the second part, except where such claims are within the right of way of the line of railway, or any branches or extensions thereof, or in the immediate vicinity of stations or townsites; in such cases the price to be determined shall be arrived at by arbitration under the provisions of the "Arbitration Act"; in other cases the price shall not exceed five dollars per acre, and the parties of the second part agree to dispose of the same to mineral claim-owners lawfully acquiring claims within the lands granted hereunder, in accordance with the provisions of the mineral laws of the Province: Provided, always, that the parties of the second part shall not be obliged to dispose of any lands required or used in connection with the operation of the railway, or any branches or extensions thereof.

14. All lands granted to the parties of the second part hereunder, shall include timber, petroleum and coal rights, and shall be subject to all the royalties upon coal, petroleum, timber and wood, or the products of any of them, according to the "Land Act; and the coal produced from the said lands, or the coke manufactured from the same shall also be subject to taxation imposed by the "Coal Tax Act," and any amendments thereto, and all provisions of same: Provided always, that any of the said timber required for the construction of the railway and branches and extensions shall be exempt from royalty.

15. Before any subsidy is handed over to the parties of the second part, they shall produce satisfactory evidence that all the workmen on the road have been paid their wages for work done by them on the section in respect of which the subsidy is being handed over.

16. The amount expended by the Government on surveys in connection with this line of railway will be refunded by the parties of the second part, and may be deducted from any subsidy payable under this agreement.

17. The parties of the second part agree that out of the lands granted hereunder, and in their possession, they will grant without charge, when requested, such as may not be necessary for the purposes of the railway, or any of its branches or extensions, or any part of the undertaking, and as are necessary for the erection thereon of churches and schools of all religious denominations, and all hospitals and Government buildings. Should any dispute arise as to the location thereof, the same shall be decided by the Lieutenant-Governor in Council.

18. The Government will join with the parties of the second part and petition the Government of Canada to grant a subsidy in aid of the construction of the said railway, and render and grant any and all assistance in their power to such end.

19. Notwithstanding anything in this Agreement contained, it is an express condition hereof that none of the rights of the parties of the second part hereunder shall continue beyond the first day of September, 1903, unless, in the meantime, they shall have commenced and continued diligently the construction of the said railway: Provided, however, that if the Parliament and Government of Canada shall not have granted aid satisfactory to the parties of the second part for the construction of the said railway, or if, on account of strikes, delays in procuring men, materials or supplies, or from any other cause beyond the reasonable control of the parties of the second part, the commencement, progress or completion of the said railway shall have been delayed or hindered, the Lieutenant-Governor in Council may grant to the parties of the second part such extensions of time for commencement, prosecution, or completion of the said railway as to them may appear reasonable.

20. After the lands are reserved under this Agreement, and up to the time the same are granted to the parties of the second part, all lands so reserved, other than coal lands, shall be open to purchase, but not pre-emption, by any person or persons upon similar terms, so far as practicable, to those provided for the acquisition of Crown lands by section 30 of the "Land

Act," except as to area, and the proceeds of such sales shall be received by the Government and held in trust for the parties of the second part until the land is earned by the parties of the second part, when such proceeds are to be paid over to the parties of the second part; and after the said lands are granted to the parties of the second part they shall be open to purchase, but not pre-emption, upon similar terms: Provided, however, that this right to purchase from the parties of the second part or the Government shall expire at the end of twenty years from the ratification of this Agreement by the Legislature.

21. Whenever in these presents the parties of the second part are mentioned or referred to, such reference or mention shall extend to and shall include their heirs, executors, administrators and assigns, and the Company to be formed under the provisions of paragraph 22 hereof.

22. The Government agree that they will, during the present Session of the British Columbia Legislature, submit to said Legislature a bill to confirm this Agreement and authorise the carrying out thereof, and a bill to incorporate the parties of the second part as a railway Company under the provisions of the British Columbia Railway Act.

23. This Agreement is to have no force or effect until it is confirmed by an Act of the Legislative Assembly of the Province of British Columbia.

24. No aliens shall be employed in the construction of the said railway unless it is demonstrated to the satisfaction of the Lieutenant-Governor in Council that the work cannot be proceeded with so as to ensure completion within the time limited therefor without the employment of such aliens.

In Witness Whereof, the parties hereto have duly executed this Agreement the day and year first above written.

Signed, sealed and delivered in the presence of
William McNeill,
as to the signatures of James Dunsmuir and W. C. Wells;

JAMES DUNSMUIR, [L.S]
Premier.

W. C. WELLS, [L.S.]
Chief Commissioner of Lands and Works.

Geo. H. Cowan,
as to the signatures of Lachlan McLean, Hugh McLean and Norman McLean.

LACHLAN McLEAN, [L.S.]
By his attorney in fact, Norman McLean.

HUGH McLEAN. [L.S.]

NORMAN McLEAN. [L.S.]

VICTORIA, B. C.:
Printed by Richard Wolfenden, Printer to the King's Most Excellent Majesty.
1902.