

No. 157.

4th Session, 8th Parliament, 62 Victoria, 1899

BILL.

An Act respecting the Manitoba and
South-Eastern Railway Company.

First reading, June 16, 1899.

(PRIVATE BILL.)

MR. HUGHES.

OTTAWA

Printed by S. E. DAWSON
Printer to the Queen's most Excellent Majesty
1899

An Act respecting the Manitoba and South Eastern
Railway Company.

WHEREAS the Manitoba and South Eastern Railway Com- Preamble.
pany has, by its petition, prayed that it be enacted as
hereinafter set forth, and it is expedient to grant the prayer of
the said petition: Therefore Her Majesty, by and with the
5 advice and consent of the Senate and House of Commons of
Canada, enacts as follows:—

1. The Manitoba and South Eastern Railway Company Agreement
with another
company.
may enter into an agreement with the Canadian Northern
Railway Company or with the company which may be
10 formed by an amalgamation between that company and the
Ontario and Rainy River Railway Company (if such amalga-
mation takes place) for an amalgamation with such company,
on such terms and conditions as are agreed upon, and subject
to such restrictions as to the directors seem fit; provided that Approval of
shareholders
and Governor
in Council.
15 such agreement has been first approved by two-thirds of the
votes at a special general meeting of the shareholders duly
called for the purpose of considering it,—at which meeting
shareholders representing at least two-thirds in value of the
stock are present or represented by proxy,—and that such
20 agreement has also received the sanction of the Governor in
Council.

2. A duplicate of the agreement referred to in subsection 1 Agreement to
be filed.
of this section, shall within thirty days after its execution, be
filed in the office of the Secretary of State of Canada, and When amal-
gamation to
take effect.
25 notice thereof shall be given by the Company in the *Canada
Gazette*, and thereupon such amalgamation shall be deemed to
be complete and operative in accordance with the terms of the
said agreement, and the production of the *Canada Gazette*
containing such notice shall be prima facie evidence of the
30 requirements of this Act having been complied with.

2. The mortgage set out in the schedule to this Act is Mortgage
confirmed.
hereby declared to be valid, binding and effectual according
to the terms thereof, which may be enforced as therein pro-
vided as fully and effectually as if they were embodied in this
35 Act.

SCHEDULE.

THIS INDENTURE, made the first day of February, A.D. 1899,
between The Manitoba and South Eastern Railway Company,
hereinafter called the Company, of the first part; the Honour-
able Thomas Greenway, of the city of Winnipeg, Railway
Commissioner of the Province of Manitoba, and the Honour-
able Robert Watson, of the same place, Minister of Public

Works of the said province, and their successors in the trust, hereinafter called the trustees, of the second part; and Her Majesty, the Queen, hereinafter called the Government, and herein represented and acting by the Railway Commissioner of the province of Manitoba, of the third part.

1. Whereas by agreement dated the thirteenth day of May, 1898, made between the Government and the Company, pursuant to and under the authority of the Act of the Legislature of Manitoba, being chapter 43 of the statutes of Manitoba for the year 1898, the Company agreed to construct or cause to be constructed, completed and running the line of railway therein mentioned, and the Government agreed to guarantee the payment of the principal and interest of the first mortgage bonds of the Company to the extent of eight thousand dollars per mile for the said line of railway;

2. And whereas under the Acts relating thereto the Company is duly authorized to issue the bonds hereinafter mentioned and to secure the payment of the same by this mortgage;

3. And whereas the said line is a line of railway commencing at a point in the city of Winnipeg, thence in a south-easterly direction to the boundary of the Province of Manitoba, en route to Rainy River at or near its mouth, via the State of Minnesota, which line from Winnipeg to said boundary is 101 miles in length or thereabouts;

4. And whereas all necessary and requisite by-laws and resolutions of the directors and shareholders of the Company have been duly passed so as to make the issue of bonds hereby secured and the execution of these presents legal and valid and in accordance with the requirements of the statutes relating to the Company and of all other statutes and laws in that behalf;

5. And whereas these presents have been duly submitted to and have been duly approved of by the shareholders and directors of the Company at meetings duly called and held to consider the same, and these presents are also satisfactory to the Government;

Now this indenture witnesseth—

6. Wherever in these presents the Company is mentioned or referred to such mention or reference shall extend to and include its successors and assigns, and wherever the trustees are mentioned or referred to such mention or reference shall extend to and include their successors in this trust and any other trustee or trustees who may be appointed or succeed to the trusts hereof.

7. The total amount of the issue of bonds hereby secured shall be at the rate of eight thousand dollars per mile, and no more, for each mile of the said line of railway. Each bond shall be for the sum of one hundred pounds sterling money of Great Britain. The said bonds shall be dated the first day of February, A. D. 1899. The principal money thereby secured shall be payable on the first day of February, A. D. 1929, with interest at the rate of four per cent per annum, half-yearly, on the first days of August and February in each year during the currency of the said bonds; all interest to be represented by coupons attached to the said bonds. The place

of payment of both principal and interest shall be at the Bank of Scotland in London, England. The form of bond shall be as follows or to the like effect:—

DOMINION OF CANADA.

PROVINCE OF MANITOBA.

Series A.
£100.0.0

[No.]

THE MANITOBA AND SOUTH EASTERN RAILWAY COMPANY.

Four per cent First Mortgage Bond.

Guaranteed by the Province of Manitoba.

The Manitoba and South Eastern Railway Company, for value received, hereby promises to pay the bearer hereof, or, if registered, to the registered holder, one hundred pounds, sterling money of Great Britain, on the first day of February, A.D. 1829, at the office of the Bank of Scotland, in London, England, with interest thereon at the rate of four per cent per annum, payable half-yearly, at the said place, on the first days of August and February in each year, on the presentation and surrender of the interest coupons hereto annexed as they severally become due.

This bond is one of a series of like tenor and date, the total amount of which is at the rate of eight thousand dollars per mile, and no more, of the said Company's line of railway from a point in the city of Winnipeg, thence in a south-easterly direction to a point in or near Township 1, in Range 14, east of the principal meridian in the Province of Manitoba, thence to the boundary of the said province, en route to Rainy River at or near its mouth, via the State of Minnesota, which line from Winnipeg to said boundary is estimated at 101 miles in length or thereabouts. The payment of principal of all said bonds and interest thereon is secured by a deed of mortgage bearing even date herewith, duly executed by the Company, to the Hon. Thomas Greenway, the Railway Commissioner of the Province of Manitoba, and the Hon. Robert Watson, the Minister of Public Works of the said province, and their successors in the trust, as trustees, which conveys to the said trustees by way of mortgage the said line of railway of the Company and the other premises and properties as in said mortgage described, save and except as provided in the Railway Act of Canada and save and except the Company's land grant from the Dominion of Canada.

And the payment of the principal of the said bonds and interest thereon is guaranteed by the Province of Manitoba as thereon endorsed.

This bond may be registered in the books of the company at its head office, or at the office of the Bank of Scotland, London, after which no transfer, except upon the books of the Company, at the place of registry, will be valid, but it is not to be deemed registered until the name of the holder is registered on the back of the bond as well as in the said books. A transfer in favour of bearer may subsequently be registered,

after which this bond shall be transferable by delivery alone until again registered in the name of the holder.

This bond is subject to the terms of said mortgage and shall not become obligatory until it shall be certified by the trustees for the time being under the said mortgage.

In witness whereof the Manitoba and South Eastern Railway Company has caused its seal to be hereto affixed, and these presents to be signed by its president and countersigned by its secretary, this first day of February, one thousand eight hundred and ninety-nine.

.....
Countersigned. *President.*
[Seal.]

.....
Certified by *Secretary.*

.....
Trustees.

INTEREST COUPON.

£2.0.0.

Coupon No.

The Manitoba and South Eastern Railway Company will pay the bearer two pounds sterling on the day of , at the office of the Bank of Scotland, London, England, being half-yearly interest on bond No. .

Series A.

.....
Secretary.

GUARANTEE TO BE ENDORSED ON BOND.

Under the provisions of 61 Victoria, Chapter 43, Statutes of Manitoba, 1898, the principal sum secured by the within bond, and interest thereon payable semi-annually for thirty years, at the rate of four per cent per annum, is hereby guaranteed by the Government of Manitoba.

Dated the day of , A.D. 1899.

.....
Provincial Treasurer.

8. For and in consideration of the premises, and for the purpose of securing the payment of the said bonds and the interest thereon, the Company doth hereby grant and convey unto the trustees, their heirs and assigns, as joint tenants and not as tenants in common, that portion of the said Company's railway, viz.: Commencing at a point in the city of Winnipeg, thence in a south-easterly direction to the boundary of the

province of Manitoba, en route to Rainy River at or near its mouth, via the state of Minnesota, which line from Winnipeg to said boundary is estimated at 101 miles in length or thereabouts, which line is hereinafter referred to as "the said railway," as the same is now located and constructed or in course of construction, and as the same may be hereafter located and constructed; together with all the Company's property, comprising telegraph and telephone lines erected along the said railway or used in connection therewith and with all rights of way and station grounds, station houses, engine houses, freight sheds, machine shops and all other structures now held and acquired, or which hereafter may be held or acquired by the Company, its successors or assigns, for use in the construction, maintenance, operation and running of the said railway and telegraph and telephone lines, and also all locomotives, tenders, passenger, baggage, freight and other cars, and all other rolling stock, steam shovels and equipment whatsoever, and all machinery, tools and implements, and all supplies and materials now held or hereafter acquired by the Company, its successors or assigns, for constructing, maintaining, operating and repairing the said railway and telegraph and telephone lines, or any of the equipment or appurtenances, thereof, and all tolls, incomes, rents, issues, profits and sources of money arising or to arise from the said railway and other property except as hereinafter provided; and also all other privileges, powers, immunities and all other corporate and other franchises in respect of the said railway now owned, held or enjoyed by the Company or hereafter to be held, owned or conferred upon it, its successors and assigns; save and except as provided in *The Railway Act of Canada*, and save and except the Company's land grant from the Dominion of Canada which is hereby expressly excepted and reserved from the operation of this mortgage.

To have and to hold the above described property, premises, things, rights, privileges and franchises acquired and to be acquired, and hereby expressed to be conveyed and intended so to be unto the trustees, their heirs and assigns, according to the nature and quality thereof, as joint tenants and not as tenants in common, and to their successors in the said trust:

In trust, nevertheless, to and for the uses and for the purposes and conditions hereinafter set forth:

9. Until default shall be made in the payment of the principal or interest of the said bonds hereby secured, or of some one or more of them, or in respect of something herein required to be done, or some condition or covenant to be performed by it, the Company and its assigns shall be suffered and permitted to possess, manage and enjoy the said railway, and all other property expressed to be conveyed hereby, together with the equipment and appurtenances thereof, and the franchises appertaining thereto, and to take and use the rents, incomes, profits, tolls and issues thereof, in the same manner and with the same effect as if this deed had not been made, but subject or to be subject nevertheless to the lien of these presents.

10. In case default shall be made in the payment of any interest to accrue on any of the aforesaid bonds to be issued by the Company, when such interest shall become payable according to the tenor of such bond or the terms of any coupons

thereto annexed, and such default shall continue for a period of six months, or in case default shall be made in the observance or performance of any other matter or thing in these presents mentioned, and agreed or required to be observed and performed by the said Company, and such default shall continue for a period of six months after written notice thereof to the Company, then and from thenceforth, and in either of such cases, except as hereinafter mentioned, it shall be lawful for the trustees, personally or by their or his attorneys or agents, to enter into and upon all and singular the railway and property hereby conveyed or intended so to be acquired or constructed, and to be acquired or constructed, or any part thereof; and thenceforth to have, hold, possess and use the said railway and property, and each and every part and parcel thereof, then subject to the lien of these presents, with full power for the period of three months thereafter, and afterwards until the sale and subsequent delivery of the said railway shall have been made as herein provided, to operate and conduct the business of the said railway, including all telegraph and telephone lines by their superintendents, managers and servants or attorneys or agents, and to make, from time to time, all repairs and replacements, and such needful alterations, additions and improvements thereto as may seem to them to be judicious, and to collect and receive all tolls, fares, freights, incomes, rents, issues and profits of the same, and of every part thereof; or to lease to some other company the said railway and telegraph and telephone lines, with full power to such other company to operate and conduct the business of the railway and telegraph and telephone lines, and after deducting the expenses of operating the said railway and telegraph and telephone lines and conducting the business thereof, and of all the said repairs, replacements, alterations, additions and improvements, and all payments which may be made or may be due for taxes, assessments, charges or liens, prior to the lien of these presents upon the said premises, or any part thereof, as well as just compensation for their own services and for the services of such attorneys and counsel and all other agents and persons as shall have been by them employed, and all other charges and expenses reasonably incurred in or about the execution of the trusts or powers by this indenture created, the trustees shall apply the moneys arising from such collections and receipts, as aforesaid, to the payment of interest on the said bonds, but excluding all interest coupons which may have been paid by the Government of Manitoba under its guarantee, in the order in which such interest shall have become and shall become due, ratably to the persons entitled to such interest, and if, after paying in full the interest which shall have accrued on the said bonds, a surplus of the moneys arising, as aforesaid, shall remain, and the principal of the said bonds shall not be due, and such surplus or any part thereof shall not be required, in the judgment of the trustees, for the protection of the property, or to provide for the instalment of interest next thereafter to fall due, the same shall be applied in payment of the interest coupons which may have been paid by the Government of Manitoba, and any surplus which shall remain after such payment shall be paid over to the Company or its assigns; but in

case the principal of said bonds shall have become due, or shall have been declared by the trustees to be due, under the provisions of paragraph 12 of this indenture, the surplus arising, as aforesaid, shall be reserved, to be applied to the payment of said bonds, upon the sale of the said railway and premises as hereinafter provided.

11. In case default shall be made in the payment of interest on the said bonds, or any of them, as aforesaid, and shall continue as aforesaid, for the period of six months thereafter; or in case default shall be made in the payment of the principal of the said bonds, or any of them, or any part thereof, when the same shall respectively become due and payable, and shall continue for a period of six months thereafter, it shall be lawful for the trustees, after such entry as aforesaid, or after other entry, or without entry, personally or by their attorneys or agents to sell and dispose of the said railway, property, and all and singular the property, rights and franchises hereinbefore particularly described and expressed to be conveyed, and which shall be then subject to the lien of these presents at public auction in the city of Winnipeg, in the Province of Manitoba, and at such time as the trustees shall appoint, having first given notice of the time and place of such sale, by advertisement, published not less than three times a week for three successive months, in one or more daily newspapers published in the cities of Winnipeg, London (England), Toronto and Montreal. And, after such notice, it shall be lawful for the trustees to make such sale, with or under any special conditions as to upset price, reserved bid, or otherwise, or as to receiving the price or consideration of such sale in whole or in part in bonds or interest coupons secured hereunder, which may be prescribed or authorized by the bondholders in the manner hereinafter provided; also with power to rescind or vary any contract of sale that may have been entered into thereat, and re-sell with or under any of the powers herein. And the trustees may stop, suspend or adjourn such sale from time to time, in their discretion, and if so adjourning, and after one month's notice thereof, published not less than three times a week for one month in the said daily newspaper or newspapers, make such sale with or under any of the powers herein, at the time and place to which the same shall be so adjourned, and make and deliver to the purchaser or purchasers of the said railway, property, or any part thereof, good and sufficient deed or deeds in the law for the same, which sale, made as aforesaid, shall be a perpetual bar, both in law and equity, against the Company and its assigns, and all other persons claiming the said premises or any part or parcel thereof, by, from or under the said Company or its assigns. And, after deducting from the proceeds of such sale just allowances for all expenses thereof, including attorneys and counsel fees, and all other expenses, advances or liabilities, which may have been made or incurred by the trustees in operating or maintaining the said railway and property, or in managing the business thereof, and all payments by them made for taxes and assessments, and for charges and liens prior to the lien of these presents on the same or any part thereof, as well as reasonable compensation for their own services, and any other expenses or charges referred to in paragraph 10, it shall be

lawful for the trustees, and it shall be their duty, to apply the residue of the moneys arising from such sale to the payment of the principal and accrued and unpaid interest on all the said bonds which shall then be outstanding, without discrimination or preference as between principal and accrued and unpaid interest, or as between the holders of the said bonds or of any coupons issued therewith, but equally and ratably and to all such bond and coupon holders, excluding, however, any bonds and interest coupons paid by the Government of Manitoba; and if, after the payment and satisfaction of said bonds, principal and interest, a surplus of the said proceeds shall remain, the same shall be applied in payment of the bonds and coupons which may have been paid by the Government of Manitoba, and if any surplus thereafter to pay such surplus to the Company or its assigns. And it is hereby declared and agreed that the receipt of the trustees shall be a sufficient discharge to the purchaser or purchasers at such sale for his or their purchase money; and that after payment of such purchase money, and having such receipt, such purchaser or purchasers shall not be obliged to inquire into the application of such purchase money upon or for the trusts or purposes of these presents, or be in any manner whatsoever answerable for any loss, misapplication or non-application of such purchase money, or of any part thereof, nor shall he or they at any time be obliged to inquire at any time into the necessity, expediency or authority of or for any such sale.

12. In case default shall be made in the payment of any half-yearly instalment of interest on any of the said bonds, when such interest shall become payable according to the tenor of such bond, or of any coupon thereto annexed, and such instalment of interest shall remain unpaid and in arrear for a period of six months after the same shall have become payable as aforesaid, and been demanded, and such default shall continue for six months thereafter, then and from thenceforth the principal sum of each of the bonds aforesaid shall, upon a declaration of the trustees to that effect, made upon the request hereinafter provided for, become and be immediately due and payable, notwithstanding that the time limited in the said bonds for the payment thereof may not then have elapsed; but such declaration shall not be made by the trustees unless a majority in interest of the holders of all bonds aforesaid which shall then be outstanding, and upon which default in the payment of interest have been made and shall be continuing, shall have requested the trustees so to do, by an instrument in writing under their hands and seals, or by a vote at a meeting duly convened and held as hereinafter provided at any time before the actual payment and acceptance of the interest in arrear, have instructed the trustees to declare such principal sum due; and such majority of the bondholders as aforesaid shall have the power to cancel any declaration already made to that effect, or to waive the right so to declare, on such terms and conditions as such majority in interest shall prescribe; provided, always that no act or omission either of the trustees or of the bondholders in the premises shall extend to, or be taken in any manner whatsoever to affect, any subsequent default, or the rights resulting therefrom.

13. It shall be the duty of the trustees, but subject always to the provisos herein contained, to exercise the power of entry hereby granted, or the power of sale hereby granted, or both, or to proceed by suit or suits in equity, or at law, to enforce the rights of bondholders in the several cases of default herein specified, on the part of the Company or its assigns, in the manner, and subject to the qualifications herein expressed, upon the requisition of bondholders as herein prescribed as follows:

1. In case default shall be made in the payment of any semi-annual instalment of interest to accrue on any of the said bonds to be issued as herein provided, and such default shall continue as aforesaid for a period of six months, then and in every such case, upon a requisition in writing signed by the holder or holders of said bonds to an aggregate amount of not less than one-fifth of the amount of said bonds then outstanding, and adequate and proper indemnification of the trustees against the costs, expenses and liabilities to be by them incurred it shall be the duty of the trustees to proceed to enforce the rights of the bondholders under these presents by such proceeding authorized by these presents or by law, as they shall be in such requisition directed to take by the said proportion of bondholders; or, if such requisition contains no such direction, then by entry, sale, or suit or suits in equity or at law, as they being advised by counsel learned in the law, shall deem most expedient for the interest of the holders of said bonds; the rights of entry and sale hereinbefore granted being intended as cumulative remedies, additional to all other remedies allowed by law for the execution and enforcement of the trusts hereof; provided, nevertheless, that it shall be lawful for a majority in interest of the holders of said bonds for the time being, by an instrument under their hands and seals, or by a vote at a meeting duly convened and held as hereinafter provided, to direct the trustees to waive such default, upon such terms as may be directed by such majority in such instrument, or by such vote, if required under the conditions hereof. And it is hereby provided and expressly agreed that no holder of bonds or coupons, secured to be paid hereby, shall have the right to institute any suit or proceeding for the foreclosure of this indenture, or the execution of the trusts thereof, except upon and after the refusal or neglect of the trustees hereunder to proceed to act in the premises, upon requisition and indemnification as aforesaid; but it shall nevertheless be lawful for a majority in interest of the holders of said bonds, for the time being, to direct the party or parties bringing any such suit or proceeding, to waive the default or defaults, on which it is founded, in like manner as is hereinbefore provided for a direction to the trustees to waive default. And it is hereby further declared and provided that no action, taken by the trustees or by the bondholders under this clause, shall prejudice or in any manner affect the powers or rights of the trustees, or of the bondholders, in the event of any subsequent default or breach of condition or covenant herein.

2. If the Company shall make default or breach in the performance or observance of any other condition, obligation or requirement by the said bonds or by this present deed imposed

upon them, then and in such case the trustees shall, upon a requisition in the manner aforesaid, of not less than one-fifth in interest of the bondholders, for the time being, and upon adequate and proper indemnification of the trustees against the the costs, expenses and liabilities to be by them incurred, proceed to enforce the rights of the bondholders under these presents in the manner by the first clause of this article provided, subject to the power in such majority at any time to direct in manner aforesaid, the trustees to waive such default or breach, upon due reparation therefor to the satisfaction of such majority being made. And it is hereby provided that no action taken by the trustees or by the bondholders, under this clause, shall prejudice or in any manner affect the powers or rights of the trustees or of the bondholders, in the event of any subsequent default or breach of condition or covenant herein.

14. The trustees shall at all times during the continuance of the trust hereby created, have power and authority, to be exercised in their own discretion and not otherwise, to convey or release from the lien and operation of these presents, to any party who may be designated in writing by the Company to receive the same, any portion of the lands and premises which are conveyed hereby, or which are at any time acquired or held by the said Company or its assigns for use in connection with the said railway and telegraph and telephone lines or extension thereof, or the construction, maintenance or operation thereof, but which in the judgment of the trustees it shall be unnecessary longer to retain for use in connection therewith. And the trustees shall also have power and authority to allow the Company or its assigns from time to time to dispose of, in its discretion, any or any part of the locomotives, tenders, passenger, baggage, freight and other cars and other rolling stock, steam shovels, and equipment, machinery, tools and implements required or held for the use of the said railway and telegraph and telephone lines or the extension thereof as shall become unfit or unnecessary for such use.

15. In the event at any time of the interest upon the said bonds remaining unpaid and owing, then at the next ensuing annual general meeting of the Company all the holders of the bonds hereby secured shall have and possess the same rights and privileges and qualifications for directors and for voting as are attached to shareholders; provided that the bonds and any transfers thereof shall have been first registered in the same manner as is provided for the registration of shares, and it shall be the duty of the secretary of the Company to register the same on being required to do so by any holder thereof.

16. All bonds hereby secured shall be payable to bearer, and negotiable and pass by delivery unless registered for the time being in the name of the owner thereof in the manner hereinafter provided; and the Company shall keep at its head office or at its transfer office in the Counting House of the Bank of Scotland, in the city of London, England, a bond register in which every holder of a bond shall be entitled to have his name and address and the number of the bond held by him entered, upon presenting at either of the said places a written statement of the said particulars and verifying his title to such bond by production thereof; and every registration of

ownership shall be properly certified on the bond. After such registration of ownership of any such bond so certified thereon, no transfer shall be made or shall be valid except in writing, in a suitable transfer book to be kept by the Company at the said place for such transfers, signed by the party registered as the owner thereof for the time being, or his legal representatives, or his or their agent or attorney thereunto duly authorized. And the fact of every such transfer shall be entered upon the said last-mentioned transfer book so as to show the number of the bond transferred, and the name and address of the transferee, unless any such transfer shall be to bearer, in which case it shall be so entered; and every such transfer shall be noted on the bond, and if the last transfer be to bearer, it shall restore to it transferability by delivery; but every such bond shall be subject to successive registrations and transfers to bearer as aforesaid, at the option of each holder.

17. The Company shall from time to time and at all times hereafter well and truly defend and keep harmless and fully indemnify the Government against all loss, costs, charges, damages and expenses which the Government may at any time or times hereafter bear, sustain or be put to for, by reason or on account of the Company failing to pay the said coupons or bonds or any of them.

18. In the event of the Government under the terms of its guarantee paying the interest coupons upon such bonds, or any of them, or paying the said bonds themselves or any of them, the Government shall be subrogated to all the rights of the holders of such coupons or bonds so paid by the Government, and the Government shall in such event be deemed to be purchasers of such coupons and bonds so paid, and shall have all the rights and remedies which are provided in this instrument for the protection of original holders of such bonds, and the trustees shall in such event be deemed to be trustees for the Government in respect of the coupons and bonds so paid by the Government, and may be called upon by the Government to exercise and shall then exercise all the powers and remedies herein provided in the event of any default in payment on the part of the Company so as to fully secure payment and recoupment to the Government of any and of all coupons and bonds paid by it under the terms of the said guarantee. And the trustees shall in such event and upon being requested so to do have the right to apply to a court of competent jurisdiction for and to secure the appointment of a receiver of the undertaking, assets and revenues of the Company.

19. Provided, however, that no steps shall be taken by the said trustees or by the Government to enforce the payment by the Company to the Government of any instalment of interest paid by the Government before the expiration of four years from the completion of the said railway unless and until the certificate of the Chief Justice of the Court of Queen's Bench of Manitoba has been given that during the financial year preceding the giving of such certificate there have been net earnings of the Company over and above the working expenses of the railway and any amount received from the land grant of the Company above excepted, and that such net earnings or some part thereof have not been applied

in payment of interest upon the said bonds guaranteed by the Government. And in the construction of this mortgage the term "working expenses" shall in no case be held to include the salary of any officer or employee whose time is not wholly employed bona fide in the operation or management of the said railway except that as to officers and employees whose services are necessary or desirable but whose whole time is not fully taken up in the service of the Railway Company. Under the head of "working expenses" there shall be included a reasonable remuneration for the time actually expended and services actually rendered by such officer or employee to the Company in connection with the operation or maintenance of the railway, and that under the term "working expenses" there shall not be included any expenses, payments or outgoings not reasonably necessary for the efficient management, maintenance, operation and repair of the said railway.

20. The said Chief Justice shall have full power, subject to the terms hereof, to decide what are proper working expenses, and in so deciding may take evidence or consult with experts and use his own judgment in coming to a decision, and the decision of the Chief Justice thereon shall in any and all cases be final and binding without appeal. Three months' notice of any application for the granting of a certificate by the Chief Justice as aforesaid shall be given to the Company by leaving the same at its head office or by publishing the same in a daily newspaper of the city of Winnipeg.

21. Provided further, however, that the said trustees shall not take any steps for the sale of the said railway or for the foreclosure of this mortgage or other steps which would have the effect of returning to the bondholders the principal or part of the principal of their bonds before the maturity thereof at the instance of the Government or its assigns or any person acting on their behalf or in their interest, until the principal money of the said bonds has become due in accordance with the terms of such bonds, or has been declared by the Trustees to be due under the provisions of paragraph 12 of this indenture, it being agreed and intended that the principal money of the said bonds shall not be called in at the instance of the Government until the principal money of the said bonds becomes due according to the terms thereof or has been declared by the trustees to be due under the provisions of paragraph 12 of this indenture, and that no proceedings by way of sale, foreclosure or otherwise which would have the effect of returning to the bondholders the principal or part of the principal of their bonds before the maturity thereof shall be taken at the instance of or on behalf of or in the interests of the Government, and that any interest and coupons not paid by the Government under the terms of the said guarantees shall be paid in priority to the claim of the Government for any interest paid under the terms of the guarantee.

22. The trustees, or any trustee hereunder, may take such legal advice and employ such assistance as may be necessary in their judgment to the proper discharge of their duties, and shall be entitled to reasonable compensation for any and all services which may hereafter be rendered by them, or either of them, in said trust, which compensation the Company

hereby promises and agrees to pay ; but in case the Company should make default in such payment, the same shall be retained by the trustees out of any trust moneys coming into their hands.

23. The trustees shall not, nor shall any trustee hereunder, be answerable for the default or misconduct of any agent or attorney by them appointed under or pursuant to these presents, if such agent or attorney be selected with reasonable care, nor for any error or mistake made by them in good faith, but only for personal misconduct or gross negligence in the execution of said trusts, and not the one for the other or others of them, or the acts or defaults of the other or others.

24. The trustees shall be the parties who occupy the offices of Railway Commissioner and Minister of Public Works in the Province of Manitoba, and their successors in such offices from time to time, and, in the event of those offices becoming vacant, then the Government shall have power to appoint such person or persons as to the Government may seem meet to be trustees under the terms of this mortgage, and on such appointment each person so appointed shall, and on a successor in such office succeeding thereto, he shall be vested with the same powers, rights and interests, and charged with the same duties and responsibilities as if he had been named the parties of the second part to this instrument in place of the trustee whom he succeeds, without any further assurance, conveyance, act or deed ; but in the event of any conveyance or other instrument being thought necessary or suitable, for the purpose of assuring the new trustee so appointed a full general estate in the premises, then the Company shall forthwith execute the same.

25. Meetings of the bondholders under this deed of trust may be called in such mode as may be fixed by regulations prescribed or established by the bondholders ; and the bondholders may vote at such meetings personally or by proxy ; and the quorum may be defined, and such other regulations or by-laws in respect of such meetings may be from time to time established, altered or repealed by the bondholders, acting by the majority in interest, as to them shall seem expedient ; and until the bondholders shall define the quorum, and make such regulations or by-laws, such powers may be exercised by the trustees. And the trustees shall have the right, at or before any meeting of bondholders, to require that any act or resolution of the bondholders affecting the duties of the trustees, shall be authenticated by the signatures of all the persons assenting thereto, as well as by a minute of the proceedings of the meeting. And whenever, and as often as any contingency shall arise, in which the action of the holders of the bonds secured hereby shall be necessary, or in which the said bondholders are herein declared to have any discretionary voice or power ; it shall be the duty of the trustees, and such trustees shall be and are hereby authorized and required to call a meeting of the holders of bonds secured hereby, to be held at any city in Canada, and in the absence of any regulation or by-law determining the notice to be given of such meeting, it shall be notified to the bondholders by advertisement (the expenses whereof shall be a liability of the Company, and may be defrayed, if necessary, from the trust fund) to be published.

three times in each week for six weeks, in one or more daily newspapers of good circulation among the business community in the cities of Winnipeg, London (England), Toronto and Montreal, and in default of such meeting being called by the trustees within thirty days after notification to them in writing by any bondholder of the necessity therefor, or in case the trust shall be wholly vacant, it shall be competent for any holder or holders of said bonds, to the aggregate amount of at least one-fifth of the entire outstanding bonds of the Company, to call such meeting; and at such meeting so convened, the holders of the said bonds shall be competent to exercise in person, or by proxy, by the vote of the majority in interest of those present or represented at such meeting, all the powers and authority conferred upon them by these presents. But, until otherwise provided, pursuant to the provisions of this instrument in that behalf, a majority in interest of the holders of the outstanding bonds for the time being, shall be required to constitute a quorum at any such meeting.

26. Each of the trustees hereby accepts the trusts hereby created and agrees to discharge the same unless and until he be legally discharged therefrom either by resignation or removal as hereinbefore provided or otherwise.

27. If the Company, or its assigns, shall pay the principal of each and every of the bonds secured by this instrument when the same shall become payable, and all interest coupons thereon as they shall from time to time mature, according to the tenor of such bonds and coupons respectively, and shall well and truly do and observe every other matter and thing provided or mentioned in these presents to be by them or either of them done or observed, then and in that case all the estate, right, title and interest of the trustees by these presents created shall cease, determine and become void; otherwise the same shall remain in full force and virtue. And upon any such determination of such interest, the trustees shall execute such reconveyance and reassignment of the premises as may be necessary or expedient.

28. And the Company, for itself and its assigns, hereby covenants and agrees to and with the trustees, and their successors in the trust created by these presents, that the bonds hereby secured or intended so to be, shall be issued only at such times and in such amounts as hereinbefore limited; that the said Company will, in each and every year ensuing the date hereof, faithfully use and apply the net earnings and income to be from time to time derived from said railway, branches and extensions, or from any part thereof (after discharging its obligations upon or with respect to prior liens thereon), or so much of such net earnings and income as may be necessary for that purpose, to the payment of the interest accruing in such year, on said bonds, when the same shall become due, until all the said bonds shall be fully paid and satisfied; and that it will seasonably, in each and every year, pay and discharge all taxes and assessments of every description which may be lawfully imposed, levied or assessed upon all or any part of the franchises or other property herein and hereby conveyed, or intended or contemplated so to be, which may not be covered by the exemption from taxation under the said recited Act, so as to keep the mortgaged premises free

and clear from any encumbrance by reason thereof; and that it will from time to time, and at all times hereafter, and as often as thereunto requested by the trustees under this indenture, execute, deliver and acknowledge all such further deeds, conveyances and assurances in the law, for the better assuring unto the trustees, upon the trusts herein expressed, the railway aforesaid, acquired and to be acquired, constructed and to be constructed, together with their equipment, appurtenances and franchises, and all and singular the lands, property and things hereinbefore mentioned or described, acquired and to be acquired, and granted or conveyed, or agreed or intended or contemplated to be granted or conveyed to the trustees, or their successors in the trust created by these presents, as by the trustees, or by their counsel learned in the law, shall be reasonably advised, devised or acquired, so that the trustees or their successors in the trust and their assigns may become fully possessed of and entitled to the same.

29. The Company for itself and its assigns hereby covenants and agrees to and with the trustees and their successors in the trust created by these presents and with the government as follows:

(a.) At all stations upon the said railway there shall always be permitted the loading of grain into cars from farmers' vehicles or flat warehouses, subject to reasonable regulations made by the company, and at all reasonable times during the period of the guarantee hereinbefore referred to, proper facilities therefor shall be afforded.

(b.) No lease, agreement, contract or transaction shall be at any time entered into the effect of which will be to interfere with or prevent the fulfilment of the various covenants herein entered into, on the part of the Company.

(c.) No lease of the said railway, no contract for running powers or wheelage over the said railway, no traffic contract or contract for the operation of the said railway, made or entered into during the currency of the said bonds without the consent of the Government shall be valid as against the Government after default made by the Company in payment of interest on any of the bonds so guaranteed by the Government.

(d.) During the currency of the said bonds, the said line of railway shall be preserved in a proper and efficient state of repair and equipment, and it shall be efficiently and regularly operated.

(e.) Proper and correct books of account shall be kept by the Company which shall show all the transactions of the Company, and particularly shall clearly exhibit a statement of the working expenses of the said railway and the earnings thereof, and all earnings properly applicable to the said railway, whether the same is further extended or connected with another railway or other railways or not, and the Company shall deliver to the Government within one month after the 31st day of December in each year after the date hereof a statement of such working expenses and earnings in such detail as shall be required by the Government.

(f.) This mortgage and the bonds secured hereby shall not apply to any portion of the Company's railway except the portion above described in paragraph 8 hereof, and the rents, revenues, receipts or earnings derived from or applicable to the

line or railway so described and granted and conveyed to the trustees shall not under any circumstances be chargeable, as against the holders of said bonds or the trustees or the Government, with any working expenditure, operating expenses, repairs or cost of maintenance incurred or to be incurred or arising in respect of any other portion of the Company's railway than that so above described, or any extension or branch line thereof.

(g) All reasonable facilities shall be furnished to any other Railway Company for the receiving and forwarding and delivering of traffic upon and from the line of railway belonging to or worked by such Companies respectively, and for the return of carriages and cars and no undue or unreasonable preference or advantage shall be made or given to or in favour of any particular person or Company or any particular description of traffic in any respect whatsoever, nor shall any particular person or Company or any particular description of traffic be subjected to any undue or unreasonable prejudice or disadvantage in any respect whatsoever, and all due and reasonable facilities for receiving and forwarding over the said railway of the traffic arriving by such other railway or railways shall be forwarded without any unreasonable delay and without any such preference or advantage or prejudice or disadvantage as aforesaid, and so that no obstruction is afforded to the public desirous of using such railway as a continuous line of communication and so that all reasonable accommodation by means of the railways of the several Companies is at all times afforded to the public in that behalf, and any agreement made between the said Company or its assigns and any other Company or its assigns and any other Company contrary to the provisions of this instrument or anything therein contained shall be null and void.

(h) If requested so to do by the Government, the Company will make an application to the Parliament of Canada for an Act to ratify and confirm and make binding upon the Company and its assigns everything herein contained, and the parties hereto covenant that they will assist and promote in every way in their power such application and the obtaining of the passage of the said Act.

(i) There will not, during the currency of the said bonds, be charged on the said line of railway higher rates of transportation per hundred pounds, in car lots of a minimum of thirty thousand pounds, on cordwood, than two and a half cents up to twenty-five miles, three cents between twenty-five and fifty miles, three and a half cents between fifty and seventy-five miles, four cents between seventy-five and one hundred miles, four and a half cents between one hundred and one hundred and fifty miles, and five cents between one hundred and fifty and two hundred miles; and on pine and spruce saw logs than two dollars and a half per thousand feet, board measure, up to one hundred and fifty miles, or from the point where the railway touches the Rainy River to the city of Winnipeg; and that such merchandise will be carried and delivered at rates not higher than those above specified.

(j.) The Government shall be entitled to take proceedings by way of injunction to prevent the infringement of any of the terms or provisions of this instrument, and in the event of the

Company failing to fully and completely perform all such terms and provisions, the Government shall be entitled to enforce such performance.

In witness whereof the Company has caused its corporate seal to be hereunto affixed and these presents to be signed by its president and secretary; and the trustees, to evidence their acceptance of the said trust, have likewise signed and sealed these presents; and the Government have also caused these presents to be executed under the hand and seal of the Railway Commissioner of the province of Manitoba.

SIGNED, SEALED AND DELIVERED BY THE COMPANY in the presence of Z. A. LASH,	}	THE MANITOBA AND SOUTH- EASTERN RAILWAY COMPANY. [Coy's. FREDERIC NICHOLLS. Seal.] <i>President.</i>
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J. M. SMITH,
Secretary.

BY THE TRUSTEES in the presence of	}	THOS. GREENWAY, <i>Trustee.</i> [Seal.]
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ROBT. WATSON,
Trustee. [Seal.]

BY THE GOVERNMENT in the presence of	}	THOS. GREENWAY, <i>Railway Commissioner of the</i> <i>Province of Manitoba</i> [Seal.]
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