

**MEMORANDUM OF UNDERSTANDING
REGARDING
SQUAMISH OCEANFRONT DEVELOPMENT**

THIS MEMORANDUM OF UNDERSTANDING is entered into this 17th day of June, 2014.

BETWEEN:

0983016 B.C. LTD.

401 - 37989 Cleveland Avenue
P.O. Box 1068
Squamish, BC V8B 0A7

(**"MSB"**)

AND:

DISTRICT OF SQUAMISH

37955 2nd Avenue
Squamish, BC V8B 0A3

(the **"District"**)

AND:

SQUAMISH OCEANFRONT DEVELOPMENT CORPORATION

37321 Galbraith Road
P.O. Box 468
Squamish, BC V8B 0A4

(the **"SODC"**)

(collectively, referred to as the **"Parties"**)

WHEREAS

- A. the Parties wish to enter into a Memorandum of Understanding having the following terms, in order to outline their present intentions and proposed dealings regarding the matters set out herein; and
- B. while the stated intentions and dealings have been determined in the context of existing municipal policy and extensive technical work and analysis, the parties, by entering into this Memorandum of Understanding, are not making, and do not intend to imply, any legally binding commitments regarding the future steps and processes provided for herein, which would first require, and are wholly subject to, the public processes and other steps and conditions noted herein;

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Definitions


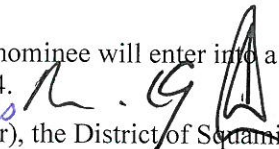
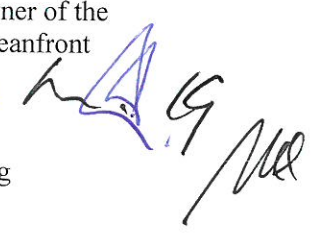
In this Memorandum of Understanding:

- (a) "Agreements" means, collectively, the Phased Development Agreement, the CAC Front-end Agreement, the DCC Front-end Agreement, the Latecomer Agreement, and the Revitalization Tax Agreement, but not the Purchase and Sale Agreement or the Limited Partnership Agreement;
- (b) "Approval Preconditions" means the Preconditions set out in section 2.1(c)(iii);
- (c) "Bylaws and Policies" means, collectively, the DCC Bylaw, the CAC Policy, the Revitalization Tax Program Bylaw, the Zoning Bylaw Amendment, the Subdivision Bylaw Amendment, and the Phased Development Agreement Authorization Bylaw;
- (d) "CAC" means "Community Amenity Contribution";
- (e) "CAC Construction Works" means those works, from among those provided for in the CAC Policy, to be constructed by the Limited Partnership, as specified in the CAC Front-end Agreement and as described in section 3.5;
- (f) "CAC Front-end Agreement" means an agreement entered into between the Limited Partnership and the District of Squamish, as described in section 3.6;
- (g) "CAC Policy" means a policy that is adopted by resolution by the District of Squamish Council, as described in section 3.4;
- (h) "Completion Date" means April 30, 2015;
- (i) "DCC" means "Development Cost Charge";
- (j) "DCC Bylaw" means a Development Cost Charge bylaw under section 933 of the Local Government Act;
- (k) "DCC Construction Works" means those works, from among those provided for in the DCC Bylaw, to be constructed by the Limited Partnership, as specified in the DCC Front-end Agreement and as further described in section 3.7;
- (l) "DCC Front-end Agreement" means an agreement entered into between the Limited Partnership and the District of Squamish, in keeping with section 935(3)(d) of the Local Government Act and section 3.8;
- (m) "District of Squamish" means the Corporation of the District of Squamish;
- (n) "Financial Precondition" means the Precondition set out at section 2.2;
- (o) "Latecomer Agreement" means an agreement entered into between the Limited Partnership and the District of Squamish in keeping with section 939(9) and (10) of the Local Government Act and section 3.9;
- (p) "Latecomer Construction Works" means those works, provided for in the Latecomer Agreement, to be constructed by the Limited Partnership, as further described at section 3.9;
- (q) "Limited Partnership Agreement" means a limited partnership agreement between MSB as the general partner and the District of Squamish's nominee as the limited partner, that is generally in keeping with section 3.2;
- (r) "Limited Partnership" means the limited partnership established further to the Limited Partnership Agreement;
- (s) "MSB" means 0983016 B.C. Ltd., being an operating entity controlled by Matthews Southwest and Bethel Land Corporation;
- (t) "Oceanfront Park" means the oceanfront park shown on Appendix 1;

- (u) "Phased Development Agreement" means the Phased Development Agreement authorized by the Phased Development Agreement Authorization Bylaw, which is in keeping with section 3.3;
- (v) "Phased Development Agreement Authorization Bylaw" means a bylaw further to section 905.1(2) of the Local Government Act authorizing the entering into by the District of Squamish of the Phased Development Agreement with the Limited Partnership;
- (w) "Preconditions" means the preconditions set out at sections 2.1 and 2.2, and include the Approval Preconditions and the Financial Precondition;
- (x) "Prime Rate" means the annual rate of interest declared by Royal Bank of Canada at its main branch in Vancouver to be its prime lending rate for Canadian dollar loans in Canada, commonly called the "prime rate", which rate, for clarity, was 3.0% per annum on May 26, 2014;
- (y) "Purchase and Sale Agreement" means an agreement for the sale of the Squamish Oceanfront Lands by SODC and its trustee the District of Squamish to the Limited Partnership, that is generally in keeping with section 3.1;
- (z) "Revitalization Tax Agreement" means an agreement further to section 226(7) of the Community Charter;
- (aa) "Revitalization Tax Program Bylaw" means a bylaw further to section 226(4) of the Community Charter, authorizing the making of the Revitalization Tax Agreement;
- (bb) "SODC" means the Squamish Oceanfront Development Corporation;
- (cc) "Squamish Oceanfront Lands" means those certain lands described at Appendix 2;
- (dd) "Subdivision Bylaw Amendment" means that certain amendment to Squamish's Subdivision Control Bylaw (if required) that establishes servicing standards and requirements;
- (ee) "Subdivision Plan" means a plan for the subdivision of the Squamish Oceanfront Lands into development parcels; and
- (ff) "Zoning Bylaw Amendment" means an amendment as to Squamish's Zoning Bylaw that is in keeping with the Squamish Oceanfront Peninsula Sub Area Plan.

2. Agreements, and Preconditions of Completion

2.1 Agreements, and Preconditions

- (a) MSB and the District of Squamish's nominee will enter into a Limited Partnership Agreement on or before July 28, 2014. 
- (b) The Limited Partnership (as purchaser), the District of Squamish (as registered owner of the Squamish Oceanfront Lands) and SODC (as beneficial owner of the Squamish Oceanfront Lands) will enter into a Purchase and Sale Agreement on or before July 28, 2014. 
- (c) The Purchase and Sale Agreement will be subject to the following Preconditions: 
 - (i) the Limited Partnership and the District of Squamish enter into the following Agreements on or before March 31, 2015:
 - A. the Phased Development Agreement, having a twenty year term;
 - B. the CAC Front-ender Agreement, having a twenty year term;
 - C. the DCC Front-ender Agreement, having a twenty year term;
 - D. the Latecomer Agreement, having a twenty year term; and

- E. the Revitalization Tax Agreement, having a ten year term;
- (ii) on or before February 28, 2015, MSB, having been presented with
 - A. complete and final forms of the Agreements;
 - B. complete and final forms of the Bylaws and Policies, and
 - C. the response of the Approving Officer for the District of Squamish to the Subdivision Plan, by way of a preliminary approval letter containing particulars of the preconditions to approval if any, or a statement of refusal;

advises the District of Squamish and the SODC in writing that:

- D. the Financial Precondition is met; and
- E. MSB will cause the Limited Partnership to enter into the Agreements on or before March 31, 2015, provided the Approval Preconditions are met on or before March 27, 2015;
- (iii) the following Approval Preconditions are satisfied on or before March 27, 2015:
 - A. the DCC Bylaw is adopted by District of Squamish Council;
 - B. the DCC Bylaw has received approval from the Inspector of Municipalities;
 - C. the CAC Policy is adopted by District of Squamish Council;
 - D. the making of the Latecomer Agreement is authorized by resolution of District of Squamish Council;
 - E. the making of the DCC Front-ender Agreement is authorized by resolution of District of Squamish Council;
 - F. the making of the CAC Front-ender Agreement is authorized by resolution of District of Squamish Council;
 - G. the Revitalization Tax Program Bylaw is adopted by District of Squamish Council;
 - H. the making of the Revitalization Tax Agreement is authorized by resolution of District of Squamish Council;
 - I. the Zoning Bylaw Amendment is adopted by District of Squamish Council;
 - J. the Subdivision Bylaw Amendment is adopted by District of Squamish Council;
 - K. the Phased Development Agreement Authorization Bylaw is adopted Squamish Council;
 - L. the Inspector of Municipalities has approved a 20 year term for the Phased Development Agreement;
 - M. if the Approving Officer for the District of Squamish has provided a preliminary layout approval for the subdivision with or without conditions on or before February 28, 2015, and the conditions have been met or secured before March 27, 2015, the Approving Officer signs the Subdivision Plan.

2.2 Financial Precondition

The Financial Precondition is that MSB determines that financing is obtainable by it for the transactions contemplated herein, on terms that are satisfactory to MSB in its sole and absolute discretion. This Precondition is subject to section 3.1(b)(i)B.

3. Agreements

3.1 Purchase and Sale Agreement

For greater certainty, the Purchase and Sale Agreement shall be in keeping with the following:

- (a) on the Completion Date, the District of Squamish and SODC will transfer the Squamish Oceanfront Lands (including all of their respective legal and beneficial interests) to the Limited Partnership for \$15 million plus a 25% interest in the Limited Partnership;
- (b) the consideration paid for the Squamish Oceanfront Lands will comprise the following:
 - (i) a \$1 million deposit, comprising funds provided by MSB to the solicitors for the Limited Partnership on the reference date of the Purchase and Sale Agreement, to be held in trust on the following terms:
 - A. if the sale does not complete, the deposit will be returned to MSB; except as provided in section 3.1(b)(i)B;
 - B. if the sale does not complete after:
 - I. MSB has been provided with the documentation referenced at section 2.1(c)(ii)A, B and C hereof, and has, further to section 2.1(c)(ii)(D) and (E) hereof, advised the SODC and the District of Squamish, in writing, by no later than February 28, 2015, that:
 - the Financial Precondition is met; and
 - it will cause the Limited Partnership to enter into the Agreements on or before March 31, 2015, provided the Approval Preconditions are met before March 27, 2015; and
 - II. the Approval Preconditions are met on or before March 27, 2015, with the Bylaws and Policies having the terms provided under section 2.1(c)(ii)B; but
 - III. the Limited Partnership fails to enter into the Agreements listed in section 2.1(c)(i) on or before March 31, 2015,then the deposit will be forfeited by MSB and be released to SODC; and
 - C. if the sale does complete, the \$1 million deposit will be paid to the SODC on the Completion Date, as part of the purchase price for the Squamish Oceanfront Lands;
 - (ii) \$14 million, with necessary funds being provided by MSB on the Completion Date, will be paid by the Limited Partnership to SODC on the Completion Date as a further part of the purchase price for the Squamish Oceanfront Lands, as follows:
 - A. by the assumption, or by paying off, of the SODC's line of credit at Scotiabank (presently estimated at \$11 million), and which will be accompanied by the elimination of the District of Squamish financial guarantee to Scotiabank in

connection with the Squamish Oceanfront Lands (provided that line of credit and that guarantee is to a maximum of \$14 million), and

- B. the balance of which, if any, will be paid to the SODC on the Completion Date; and
- (iii) additional consideration in the form of a 25% interest in the Limited Partnership provided to the District of Squamish's nominee; and
- (c) On or after the Completion Date, the District of Squamish will:
 - (i) if so desired by MSB, undertake whatever efforts may be required of it to assist MSB to change its name to the Squamish Oceanfront Development Corporation, or
 - (ii) if so desired by the Limited Partnership, undertake whatever efforts may be required of it to assist the Limited Partnership to change its name to Squamish Oceanfront Development LP.

3.2 Limited Partnership Agreement

For greater certainty, the Limited Partnership Agreement shall be in keeping with the following:

- (a) the partners in the Limited Partnership will be:
 - (i) MSB, as the general partner, having a 75% interest in the Limited Partnership; and
 - (ii) the District of Squamish's nominee, as the limited partner, having a 25% interest in the Limited Partnership;
- (b) on and before the Completion Date, MSB will provide the capital necessary to enable the Limited Partnership to meet its obligations in connection with the acquisition of the Squamish Oceanfront Lands, and more particularly, will provide:
 - (i) the \$1 million deposit referenced at section 3.1(b)(i); and
 - (ii) the additional monies necessary to meet the obligation provided for at section 3.1(b)(ii);
- (c) matters that are subject to obtaining consent or approval of the limited partner will be restricted to matters that would not result in loss of limited partner liability status for the District of Squamish's nominee;
- (d) no equity capital beyond the consideration referenced at section 3.1(b)(iii), which is deemed to be \$5 million, will be required from the District of Squamish's nominee as the limited partner, and the District of Squamish will not be required to provide any guarantees for financing or be exposed to any development risk;
- (e) MSB, as general partner, will be entitled to a development management fee for coordinating and overseeing the project (including the master planning, design, development, construction and servicing), in an amount equal to a percentage of Development Costs. For such purposes,
 - (i) "Development Costs" will include all costs, charges and expenses incurred or paid by the Limited Partnership in connection with the project, excluding for clarity, acquisition cost of the Land, financing costs and interest related to the project, property taxes and fees payable to the general partner;
 - (ii) the development management fee percentage will be comparable to that generally paid for similar real estate development projects in similar locations with similar risk; and

- (f) without limiting MSB's share of surplus cash and profit under section 3.2 (i), whether and to what extent MSB would be entitled to a return on equity or any General Partner fee in addition to the development management fee will be determined by the parties in relation to the making of the Limited Partnership Agreement;
- (g) the District of Squamish's nominee will not be entitled to a development management fee; whether and to what extent the District of Squamish's nominee would be entitled to a return on equity will be determined by the parties in relation to the making of the Limited Partnership Agreement;
- (h) MSB, as general partner, will be responsible for arranging all financing for the project on terms and at market rates, subject to section 3.6 (c) and 3.8 (c), comparable to those obtainable at arm's-length from third parties providing financing at such time for similar real estate development projects in similar locations with similar risk;
- (i) prior to determining profits of the Limited Partnership or surplus cash for distribution, all revenues of the project, however derived, will be used to pay all project expenses and obligations, including:
 - (i) the development management fee payable to MSB as the general partner under section 3.2(e);
 - (ii) other indebtedness that may exist to MSB as the general partner;
 - (iii) unrecovered amounts under the Phased Development Agreement, the DCC Front-ender Agreement, the CAC Front-ender Agreement and the Latecomer Agreement;
- (j) MSB will be entitled to 75% of all surplus cash distributed (after the payment of project expenses and necessary reserves), and 75% of all profit;
- (k) as the limited partner in the Limited Partnership, the District of Squamish's nominee will be entitled to 25% of all surplus cash distributed (after the payment of project expenses under section 3.2(e) and necessary reserves), and 25% of all profit. Provided however that, from and after the date of the CAC Front-ender Agreement, if the District of Squamish (in its unfettered discretion) decides to approve a rezoning application without receiving the amenity contribution provided for at section 3.4, then:
 - (i) the amount of profit and the distribution of surplus cash in the Limited Partnership to the District of Squamish's nominee will be reduced by an amount equal to 25% of the reimbursement the Limited Partnership would have received from the District of Squamish under the CAC Front-ender Agreement if the amenity contribution had been received, and the amount of profit and distributions of surplus cash in the Limited Partnership to MSB as the general partner, will be increased by an amount equal to 75% of the reimbursement the Limited Partnership would have received from the District of Squamish under the CAC Front-ender Agreement if the amenity contribution had been received; and
 - (ii) the reduction in the amount of the profit and surplus cash that the District of Squamish's nominee is to receive under section 3.2(k)(i) will carry forward each year, and from year to year, until the entirety of MSB's 75% share of the monies that the Limited Partnership was to have received under the CAC Front-ender Agreement is made up to MSB as the general partner;
- (l) if, at any time after that date which is the earlier of:
 - (i) five years from the date the Limited Partnership Agreement is entered into; or

- (ii) the date when the Oceanfront Park has been completed to a state that is usable by and accessible to the public, including development for public use of the oceanfront beach, the wind sports beach, the meadow/dune grass area, crushed rock pathways, paved pathways, the native shoreline planting, and intertidal habitat, all as described generally on the Phase 1 and Phase 2 master plans prepared by PWL Partnership and dated January 1, 2011, further to an environmental and engineering review of the viability of the park design (including fill installed at the Oceanfront Park, construction costs, labour, remediation work, and site preparation);

an irreconcilable dispute arises between MSB as the general partner and the District of Squamish's nominee as the limited partner that cannot be resolved by the dispute resolution process provided for under the Limited Partnership Agreement, if any, then MSB as the general partner will have the option of requiring the District of Squamish as the limited partner to sell the District's 25% interest in the Limited Partnership to MSB on 60 days' written notice, in which event the consideration for the limited partnership interest sold by the District of Squamish's nominee will be the fair market value of the nominee's interest in the Limited Partnership as calculated under the Limited Partnership Agreement, less an amount equal to any unpaid amount which is payable to MSB as general partner under section 3.2(k) (including all carried forward amounts under section 3.2(k)(ii)); and

- (m) the Limited Partnership Agreement will stipulate that the Limited Partnership will dissolve, and the Limited Partnership agreement will terminate, if the parties do not complete the transfer of the Squamish Oceanfront Lands under the Purchase and Sale Agreement, in which event the deposit provided for at section 3.1(b)(i) will be either returned to MSB for its own account, or will be paid to the District of Squamish and the SODC, as provided in that section.

3.3 Phased Development Agreement

For greater certainty, the Phased Development Agreement shall provide generally for the following:

- (a) the "Specified Provisions" of the District of Squamish zoning and subdivision bylaws will include all provisions that the Local Government Act provides can be specified provisions;
- (b) no changes to the zoning bylaw will apply to the Squamish Oceanfront Lands, or any subdivided portion of the Squamish Oceanfront Lands, without the consent of the party that is the land owner at the time of the change;
- (c) no changes to the subdivision bylaw will apply to the Squamish Oceanfront Lands, or any subdivided portion of the Squamish Oceanfront Lands, without the consent of the party that is the land owner at the time of the change, other than changes in standards for water, sanitary sewer, and storm sewer that are of general application across the municipality;
- (d) all requirements for providing park land or cash in lieu at subdivision under section 941 of the Local Government Act will be met by the dedication or transfer to the District of Squamish of that portion of the Squamish Oceanfront Lands that the zoning bylaw zones as park, where such park land is included in the subdivision plan (other than in a remainder established in any such plan), with no cash in lieu required; and
- (e) the Oceanfront Park will be completed to the extent described in section 3.2(i)(ii) and made available for public use as soon as reasonably possible, considering the multiple jurisdictions that must review and approve the park; and

- (f) all matters that become the subject of a dispute between the parties will be subject to commercial arbitration.

3.4 CAC Policy

For greater certainty, the CAC Policy will:

- (a) stipulate the CAC Construction Works that are included in the District of Squamish plan for the use of future CACs, and articulate the quantum (i.e. – per square foot or per unit) to be attributable to future zoning amendments;
- (b) reference the areas that the CAC Construction Works benefit, and that a portion of CACs from future zoning amendments will reimburse the Limited Partnership for the construction of the CAC Construction Works, with a portion of the CACs from the Downtown (as defined in the Official Community Plan) and a portion of the CACs from other areas both being used to reimburse the Limited Partnership for the CAC Construction Works until the cost of the CAC Construction Works (not including the share of the cost of the CAC Construction Works attributable to the Squamish Oceanfront lands) is fully reimbursed in accordance with the CAC Front-End Agreement outlined in Section 3.6.

Without prejudging the CAC Policy to be adopted, the District of Squamish has suggested targets of 75% of all CACs from the Downtown and 50% of all CACs from other areas of the municipality, subject to a final determination of the percentage recoveries prior to the making of the front-end agreements.

3.5 CAC Construction Works

The CAC Construction Works shall generally include the works described as Amenity Work/Projects at Appendices 3 and 4, generally estimated to be as described therein.

3.6 CAC Front-end Agreement

The CAC Front-end Agreement will contain the following:

- (a) the Recitals set out at Appendix 5;
- (b) that the Limited Partnership will construct the CAC Construction Works, on a progressive basis, provided however that the Limited Partnership will have the right, but not the obligation, to delay the construction of any or all of the CAC Construction Works until they are lawfully required by the Approving Officer in connection with the approval of an application for the subdivision of the Squamish Oceanfront Lands; and
- (c) that the Limited Partnership will be reimbursed by the District of Squamish for the construction of the CAC Construction Works on a progressive basis, by way of quarterly payments, including interest, equal to all monies received in the previous quarter by the District of Squamish further to the portion of the CAC Policy that addresses the CACs contributable from other developments toward the CAC Construction Works, from the date when the Limited Partnership commences construction of the CAC Construction Works until the Limited Partnership is reimbursed in full for the cost of constructing all of the CAC Construction Works, provided however that:
 - monies will only be payable to the Limited Partnership if and to the extent that it incurs construction costs on CAC Construction Works;

- monies will only be payable to the Limited Partnership to reimburse it for the cost of constructing CAC Construction Works if, and to the extent that, monies are received by the District of Squamish further to the CAC Policy;
- all sums to be reimbursed to the Limited Partnership for CAC Construction Works will bear interest at an annual rate equal at all times to two percentage points in excess of the Prime Rate, calculated daily and compounded annually from the respective dates such expenditures were incurred by the Limited Partnership until paid in full; and
- no monies will be payable to the Limited Partnership for any period beyond 20 years from the date the Limited Partnership and the District of Squamish enter into the CAC Front-ender Agreement.

3.7 DCC Construction Works

The DCC Construction Works shall generally include the works described as DCC Works set out at Appendices 3 and 4, generally estimated to be as described therein.

3.8 DCC Front-ender Agreement

The DCC Front-ender Agreement will contain the following:

- (a) the Recitals set out at Appendix 5;
- (b) that the Limited Partnership will construct the DCC Construction Works on a progressive basis, provided however that the Limited Partnership will have the right, but not the obligation, to delay the construction of any or all of the DCC Construction Works (other than the Oceanfront Park) until they are lawfully required by the Approving Officer in connection with the approval of an application for the subdivision of the Squamish Oceanfront Lands; and
- (c) that the Limited Partnership will be reimbursed by the District of Squamish for the construction of the DCC Construction Works on a progressive basis, by way of quarterly payments, including interest, to the Limited Partnership equal to:
 - (i) 90% of the monies received by the District of Squamish in the previous quarter from the Downtown (as defined in the Official Community Plan); and
 - (ii) 70% of the monies received by the District of Squamish in the previous quarter from other areas of the municipality

further to the DCC Bylaw, from the date when the Limited Partnership commences construction of the DCC Construction Works until the Limited Partnership is reimbursed in full for the cost of constructing all of the DCC Construction Works, provided however that:

- monies will only be payable to the Limited Partnership if and to the extent that it incurs construction costs on DCC Construction Works;
- monies will only be payable to the Limited Partnership to reimburse it for the cost of constructing DCC Construction Works if, and to the extent that, monies are received by the District of Squamish further to the DCC Bylaw;
- no monies will be payable for any period beyond 20 years from the date the Limited Partnership and the District of Squamish enter into the DCC Front-ender Agreement;
- all sums to be reimbursed to the Limited Partnership for DCC Construction Works will bear interest at an annual rate equal at all times to two percentage points in excess of the Prime

Rate, calculated daily and compounded annually from the respective dates such expenditures were incurred by the Limited Partnership until paid in full; and

- the amount of money payable to the Limited Partnership for the cost of constructing DCC Construction Works will be net of any and all DCC credits and rebates received by the Limited Partnership in connection with the subdivision or development of the Squamish Oceanfront Lands, and interest.

3.9 Latecomer Construction Works

Under the Latecomer Agreement:

- (a) the District of Squamish requires the Limited Partnership to construct certain excess or extended services, being the Latecomer Construction Works, on the basis that the Limited Partnership will be reimbursed for same, and
- (b) reimbursement to the Limited Partnership will in all cases be on the basis that a percentage of the cost of the works that are the subject of the Latecomer Agreement will be attributed to the benefitting area of the works that is outside of the Squamish Oceanfront Lands, in Council's discretion accordance with section 939 of the *Local Government Act* or successor legislation.

The Latecomer Construction Works shall generally include the works described as Latecomer Works in Appendix 3, generally estimated to be as described therein.

4. Notice

Each Party designates the following contact person in connection with further steps to be taken in connection with the implementation of this Memorandum of Understanding, provided that either Party may update its contact by providing notice in writing to the other Party's contact person:

- (a) 0983016 B.C. Ltd.

0983016 B.C. Ltd.
Attention: Michael Hutchison
401 - 37989 Cleveland Avenue
P.O. Box 1068
Squamish, BC V8B 0A7
Telephone: 604.898.1901
E-mail: mhutchison@bethelcorp.ca

- (b) District of Squamish

District of Squamish
Attention: Corien Speaker
37955 2nd Avenue
Squamish, BC V8B 0A3
Telephone: 604.892.1083
E-mail: cspeaker@squamish.ca

(c) Squamish Oceanfront Development Corporation

Squamish Oceanfront Development Corporation
Attention: Corien Speaker
37321 Galbraith Road
P.O. Box 468
Squamish, BC V8B 0A4
Telephone: 604.892.1083
E-mail: cspeaker@squamish.ca

0983016 B.C. LTD.

Per: 

(Authorized Signatory)

Per: _____

(Authorized Signatory)

Dated: June 17/14

DISTRICT OF SQUAMISH

Per: 

(Authorized Signatory)

Per: 

(Authorized Signatory)

Dated: June 17/14

SQUAMISH OCEANFRONT DEVELOPMENT
CORPORATION

Per: 

(Authorized Signatory)

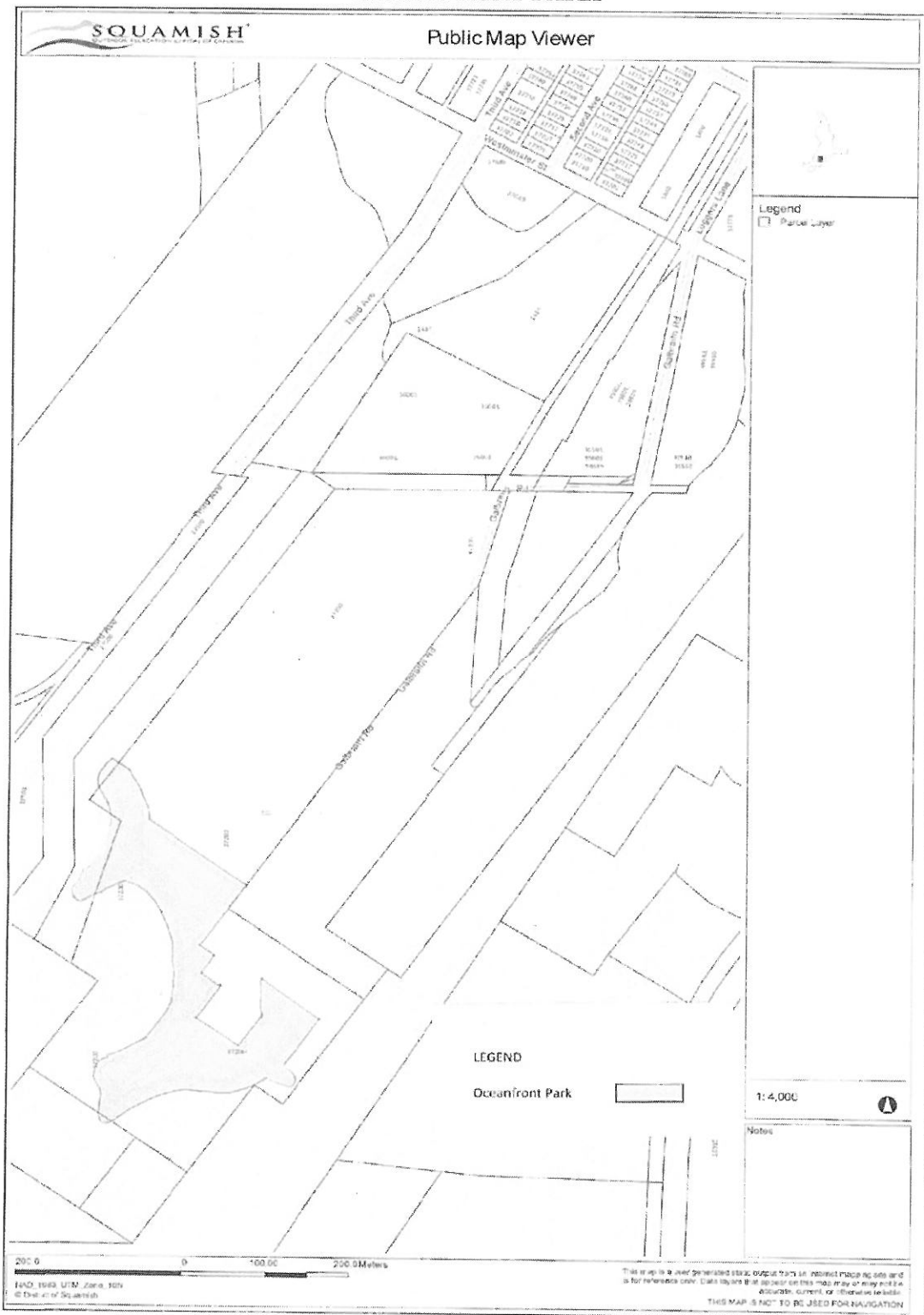
Per: 

(Authorized Signatory)

Dated: June 17, 2014

APPENDIX 1

OCEANFRONT PARK





- LEGEND
- OCEAN F
 - WIND SP
 - MEADOW
 - LAND'S F
 - CRUSHE
 - NATIVE 1
 - INTERTE
 - FUTURE
 - HOTEL C
 - PLANTEL
 - FRESHW
 - NATIVE 2
 - NATIVE 3
 - NATIVE 4
 - NATIVE 5
 - NATIVE 6
 - NATIVE 7
 - NATIVE 8
 - NATIVE 9
 - NATIVE 10

APPENDIX 2

SQUAMISH OCEANFRONT LANDS

Owner PID Legal Description

DISTRICT OF SQUAMISH 007-774-010 LOT G DISTRICT LOTS 486, 4271, 4618, 5717, 6042 AND 7134 PLAN 14953

DISTRICT OF SQUAMISH 007-779-674 LOT D BLOCK 1 DISTRICT LOTS 486 AND 4271 PLAN 14521

DISTRICT OF SQUAMISH 026-267-152 LOT 3 DISTRICT LOT 4271 GROUP 1 NEW WESTMINSTER DISTRICT PLAN BCP16861

DISTRICT OF SQUAMISH 026-267-161 LOT 2 DISTRICT LOT 4271 GROUP 1 NEW WESTMINSTER DISTRICT PLAN BCP16861

DISTRICT OF SQUAMISH 026-267-128 LOT 1 DISTRICT LOT 486 GROUP 1 NEW WESTMINSTER DISTRICT PLAN BCP16860

DISTRICT OF SQUAMISH 008-606-153 BLOCK B DISTRICT LOTS 4618, 5717, 6042 AND 7134 PLAN 13452

APPENDIX 3

COSTS AND FUNDING SOURCES

Area	Works Description	Estimated Cost	Source of Estimate	All costs in \$ millions							
				DCC Works	DCC Potential Cost Recovery	Amenity Works	Amenity Potential Cost Recovery	Latecomers Work	Latecomers Potential Cost Recovery	Works by MSB	MSB Costs
Peninsula	Peninsula Wide										
Peninsula	Infrastructure & Amenities	\$71.2	Creus (2009)	No	-	Yes	\$16.5	Yes	\$10.6	Yes	\$44.1
Peninsula	Parcel and Building Costs	-	MSB	No	-	No	-	No	-	Yes	All costs
Peninsula & Off-Site	DCC Works and Projects (Short Term 1 - 10 years)	\$57.3	DCC Bylaw KWL	Yes	\$56.3	No	-	No	-	No	\$0
Off-Site	DCC Works and Projects Long Term 10+ years)	\$24.6	DCC Bylaw KWL	Yes	\$24.6	No	-	No	-	No	\$0
Off-Site	Non-DCC Works	\$7.6	Creus (2009) KWL (2011)	No	-	No	-	TBD	-	Yes	\$7.56
TOTALS		\$160.6			\$81.0		\$16.5		\$10.6		\$51.7

All cost estimates are Class D estimates only ($\pm 20\%$). The project list and design estimates are subject to change.

APPENDIX 4

LIST OF WORKS

Peninsula Wide Infrastructure and Amenities				
#	Type of Works	Works Description	Estimated Cost (\$millions)	Source of Estimate
		A - Peninsula On-site Infrastructure		
1	Peninsula	Geotech/Flood Mitigation/ Foreshore	\$17.7	Creus (2009)
2	Peninsula	Remediation	\$5.0	Creus (2009)
3	Peninsula	Site Prep	\$18.2	Creus (2009)
4	Peninsula	Roads	\$4.8	Creus (2009)
5	Peninsula	Water	\$1.2	Creus (2009)
6	Peninsula	Sanitary	\$0.9	Creus (2009)
7	Peninsula	Stormwater	\$1.1	Creus (2009)
8	Peninsula	Streetlighting	\$0.8	Creus (2009)
9	Peninsula	Landscaping and Parks	\$5.5	Creus (2009) KWL (2011)
10	Peninsula	Dry Utilities	\$1.2	Creus (2009)
		SUBTOTAL - Peninsula Costs	\$56.5	
	4%	Soft Costs	\$3.4	DCC Bylaw Rates
	20%	Contingency	\$11.3	DCC Bylaw Rates
A		A - TOTAL - Peninsula Costs	\$71.2	
<p>Peninsula Costs include the following Amenity and DCC Projects:</p> <ul style="list-style-type: none"> Oceanfront Park Oceanfront Perimeter Trail Parks and Open Space Throughout the Village Commons Plaza Sailing Centre and Boat Launch 				

DCC Works and Off-Site Works				
	Type of Works	Works Description	Estimated Cost (\$million)	Source of Estimate
		DCC Projects and Works - Needed in Short Term (1 - 10 years)		
1	Water	W-16 Peninsula Watermain Connection - Galbraith Avenue	\$0.2	DCC Bylaw KWL
2	Water	W-17 Peninsula Watermain Connection - Cattermole Creek	\$0.4	DCC Bylaw KWL
3	Water	W-14 New Groundwater Source Development	\$1.6	DCC Bylaw KWL
4	Water	W-15 New Reservoir	\$3.6	DCC Bylaw KWL
5	Water	W-9 New Source Feedermain	\$2.4	DCC Bylaw KWL
6	Water	W-2 Logger's Lane Feedermain	\$1.8	DCC Bylaw KWL
7	Water	W-5 Centennial Way Watermain	\$0.2	DCC Bylaw KWL
8	Water	W-11a Decommission Logger's Lane & High School PRV	\$0.1	DCC Bylaw KWL
9	Water	W-11b New Blind Channel PRV Station	\$0.2	DCC Bylaw KWL
10	Water	W-13 PRV Station Connecting Downtown to the South	\$0.2	DCC Bylaw KWL
	Water	SUB-TOTAL - WATER	\$10.7	
11	Sanitary	S-22 450 mm dia. Vancouver Street Collector Sewer	\$1.4	DCC Bylaw KWL
12	Sanitary	S-18a C11 PS Upgrade to Triplex (Add a third pump, 22 kW)	\$0.1	DCC Bylaw KWL
13	Sanitary	S-20a M13 Queens Way Pump Station Upgrade to Fourplex (\$0.1	DCC Bylaw KWL
14	Sanitary	S-15 450 mm dia. Downtown Forcemain Twinning (\$4.2	DCC Bylaw KWL
15	Sanitary	S-20b 450 mm dia. Queens Way PS Forcemain Twinning	\$2.1	DCC Bylaw KWL
16	Sanitary	S-18b Reconstruct C11 PS	\$1.5	DCC Bylaw KWL
17	Sanitary	S-2 Mamquam WWTP Upsize for Future Growth	\$0.0	DCC Bylaw KWL
	Sanitary	SUB-TOTAL - SANITARY SEWER	\$9.3	
18	Roads	R-3a Pemberton Avenue Extension	\$1.1	DCC Bylaw KWL
19	Roads	R-3b Pemberton Avenue Upgrade	\$0.8	DCC Bylaw KWL
20	Roads	R-18 East Downtown Connector	\$2.7	DCC Bylaw KWL
21	Roads	R-8 Cattermole Creek Bridge	\$3.2	Addition to DCC Bylaw KWL
22	Roads	R-9 Bridge on Third Avenue at Flood Gates	\$2.1	DCC Bylaw KWL
23	Roads	R-13 Downtown Roundabout or Alternate	\$0.6	DCC Bylaw KWL
24	Roads	R-20 Peninsula Main Road - Arterial standard	\$8.2	Addition to DCC Bylaw KWL
	Roads	SUB-TOTAL - ROADS	\$18.8	

Appendix 4 – continued

25	Parks	Oceanfront Park	\$5.0	Addition to DCC Bylaw KWL
26	Parks	Oceanfront Trail	\$1.6	Addition to DCC Bylaw KWL
		SUB-TOTAL - PARKS	\$6.6	
		SUB-TOTAL - All Off-Site Works Short Term	\$45.4	
	20%	Contingency (% of hard costs)	\$9.1	DCC Bylaw Rates
	4%	Soft costs (% of hard costs)	\$2.7	DCC Bylaw Rates
	B	B - TOTAL - DCC Projects and Works - Needed in Short Term (1 - 10 years)	\$57.3	
		Long Term Works (10+ years horizon)		
27	Sanitary	S-2 Mamquam WWTP Upsize for Future Growth	\$19.6	DCC Bylaw KWL
		SUB-TOTAL - Long Term Items	\$19.6	
	20%	Contingency (% of hard costs)	\$3.9	DCC Bylaw Rates
	4%	Soft costs (% of hard costs)	\$1.2	DCC Bylaw Rates
	C	C - TOTAL - FUTURE DCC WORKS	\$24.6	
		Dry Utilities		
28	Non-DCC	Dry Utilities - offsite upgrades	\$6.0	Creus (2009)
		SUB-TOTAL - DRY UTILITIES	\$6.0	
	20%	Contingency (% of hard costs)	\$1.2	DCC Bylaw Rates
	4%	Soft costs (% of hard costs)	\$0.4	DCC Bylaw Rates
	D	D - TOTAL - Dry Utilities	\$7.6	
		SUB-TOTAL - All Off-Site Works (B + C + D)	\$89.4	
		GRAND TOTAL On and Off Site Works (A + B + C + D)	\$160.6	

APPENDIX 5

RECITALS

WHEREAS:

District of Squamish

Objectives

- A. The District of Squamish wishes to advance the economic, social and environmental interests of the municipality through the revitalization and redevelopment of the Squamish oceanfront peninsula, a 104 acre site, comprising 69 acres of land and 35 acres of marine area that is:
- immediately adjacent to Squamish's historic downtown, and surrounded on three sides by water and on all sides by dramatic vistas of the Howe Sound, Garibaldi Range, Shannon Falls and the Stawamus Chief, and
 - significant portions of which were formerly the subject of extensive pulp and paper, shipping and other industrial uses;

Planning

- B. In 2010, following a lengthy and extensive planning process, and in light of:
- the access to the ocean that the land provides for all Squamish residents,
 - its importance to downtown revitalization, and
 - its available deep water access,
- Squamish Council adopted a bylaw to guide the future development of the area, being the Squamish Oceanfront Peninsula Sub Area Plan;
- C. That Plan envisions substantial development on the peninsula, including approximately 6,500 residents, and total direct employment of more than 2,300 jobs, at build out;

Infrastructure, and cost sharing

- D. In conjunction with and following the above planning process, the District of Squamish examined the infrastructure works required for the development, and in the course of doing so determined that the needed works include substantial geotechnical, flood proofing, road, water, sanitary sewer, storm sewer and other works, the projected cost of which is:
- more than roughly \$90 million on the peninsula alone, and
 - more than roughly \$65 million in related off-site works.

Those works included roughly \$55 million in flood protection, shoreline and related geotechnical works, remediation work and site preparation, that would need to be very advanced before any return from development could be achieved;

- E. The District of Squamish also undertook significant work in developing a development cost charge program that would be applicable to both:

- the development of the Squamish oceanfront (which designated approximately \$36.5 million of the works associated with the project as development cost charge works), and
 - other development across Squamish as a whole,
- and which culminated in the preparation of a draft development cost charge bylaw in March 2012;

- F. The District of Squamish also engaged in discussions related to sharing of the cost of works that were not included in the development cost charge bylaw as between the three sets of properties that comprised the peninsula, being properties owned by the District and two other parties. Those discussions were to the effect that costs would be shared based on the residential development potential of the properties, which were 42.6% the District's lands (1,096 units), and 57.4% the lands of the other two owners (1,474 units);

Zoning

- G. The District of Squamish also undertook significant work regarding the detailed land use regulations that would apply, through the development of a comprehensive development zone for the Squamish oceanfront lands, and a bylaw to which Squamish Council gave two readings in October 2011;
- H. That zoning bylaw contemplates the development of an Oceanfront Park that creates close to 10 acres of new peninsula land, and provides for:
- 21.2 acres of parks, public space and community facilities,
 - 18.7 acres of residential use,
 - 29.4 acres of employment generating uses, and
 - 34.4 acres of marine uses;

Proponent search

- I. The District of Squamish then undertook an extensive search for potential development proponents for the District's portion of the Squamish oceanfront project, on a basis that would allow the District of Squamish to select the best available developer to deliver the community's vision for the area;
- J. In doing so, the District indicated that in the absence of the other two owners on the peninsula being ready or able to proceed, it anticipated proceeding on a basis that would:
- make significant use of community amenity contribution, latecomer and other mechanisms, and
 - involve an expanded role for development cost charges; and

This Agreement

The District of Squamish search resulted in the selection of a proponent, and it and the District then commenced negotiations in October 2013, which negotiations subsequently culminated in the entering into of various transactions, which included this Agreement.

END OF DOCUMENT

- CG
MSB
- E. the Revitalization Tax Agreement, having a term as permitted under the *Local Government Act* and the *Community Charter*, subject to section 2.1 (c)(iii)(G);
- (ii) on or before February 28, 2015, MSB, having been presented with
- A. complete and final forms of the Agreements;
 - B. complete and final forms of the Bylaws and Policies, and
 - C. the response of the Approving Officer for the District of Squamish to the Subdivision Plan, by way of a preliminary approval letter containing particulars of the preconditions to approval if any, or a statement of refusal;

advises the District of Squamish and the SODC in writing that:

- D. the Financial Precondition is met; and
 - E. MSB will cause the Limited Partnership to enter into the Agreements on or before March 31, 2015, provided the Approval Preconditions are met on or before March 27, 2015;
- (iii) the following Approval Preconditions are satisfied on or before March 27, 2015:
- A. the DCC Bylaw is adopted by District of Squamish Council;
 - B. the DCC Bylaw has received approval from the Inspector of Municipalities;
 - C. the CAC Policy is adopted by District of Squamish Council;
 - D. the making of the Latecomer Agreement is authorized by resolution of District of Squamish Council;
 - E. the making of the DCC Front-ender Agreement is authorized by resolution of District of Squamish Council;
 - F. the making of the CAC Front-ender Agreement is authorized by resolution of District of Squamish Council;
 - G. the Revitalization Tax Program Bylaw is adopted by District of Squamish Council;
 - H. the making of the Revitalization Tax Agreement is authorized by resolution of District of Squamish Council;
 - I. the Zoning Bylaw Amendment is adopted by District of Squamish Council;
 - J. the Subdivision Bylaw Amendment is adopted by District of Squamish Council;
 - K. the Phased Development Agreement Authorization Bylaw is adopted Squamish Council;
 - L. the Inspector of Municipalities has approved a 20 year term for the Phased Development Agreement;
 - M. if the Approving Officer for the District of Squamish has provided a preliminary layout approval for the subdivision with or without conditions on or before February 28, 2015, and the conditions have been met or secured before March 27, 2015, the Approving Officer signs the Subdivision Plan.

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MHL

- E. the Revitalization Tax Agreement, having a term as permitted under the *Local Government Act* and the *Community Charter*, subject to section 2.1 (c)(iii)(G);
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