

AGREEMENT

THIS AGREEMENT made as of the _____ day of February, 2008.

BETWEEN:

The Corporation of the District of Sechelt, a municipality incorporated pursuant to the *Local Government Act* having its postal address at P.O. Box 129, Sechelt, British Columbia, V0N 3A0

(hereinafter called the "District")

OF THE FIRST PART

AND:

Porpoise Bay Developments Ltd. a corporation with offices at P.O. Box 4367, Station C, Calgary, Alberta, T2T 5N2

(hereinafter called the "Owner")

OF THE SECOND PART

- A. The Owner has applied to the District to develop the Project on the Lands;
- B. The Owner acknowledges and agrees that there is currently insufficient capacity in the District's sanitary sewer system to service the Project;
- C. In recognition of the lack of capacity in the District's sanitary sewer system the Owner has agreed to deliver to the District, upon the filing of a subdivision plan in respect of the Lands, the Sewer Contribution which shall be used by the District for construction of a new sewage treatment system;
- D. Sewer DCCs are currently not levied in respect of the Lands;
- E. The District and the Owner have entered into this Agreement to provide for the repayment of all or a portion of the Sewer Contribution in the event sewer DCCs are paid in respect of the Lands during the Term.

NOW THEREFORE THIS INDENTURE WITNESSETH THAT in consideration of the sum of Ten Dollars (\$10.00) now paid by each party to each other party (the receipt and sufficiency of which each party hereby acknowledges), and for other good and valuable consideration, the Owner and the District each covenant with the other as follows:

1. DEFINITIONS AND SCHEDULES

1.1 Definitions

The parties agree that in this Agreement the following terms have the definitions now given:

- (a) "**Lands**" means the lands and premises described in Schedule A;

- (b) **"Project"** means the development of a residential golf course resort neighbourhood consisting of a golf course, driving range and a club house along with 1,600 residential dwelling units, 3,000 square meters of commercial land use, a waterfront park and a lodge and convention centre with pier and associated temporary moorage to be developed on the Lands;
- (c) **"Sewer Contribution"** means the sum of \$8,000,000.00;
- (d) **"Sewer DCCs"** mean sewer development cost charges imposed in respect of the Lands;
- (e) **"Term"** means four years and 364 days from the date of this Agreement;

1.2 Schedules

The following Schedules are attached and form part of this Agreement:

Schedule	Description
A	Lands

2. PAYMENT

2.1 Payment of Monies

If, during the Term, the Owner has:

- (a) delivered the Sewer Contribution to the District; and
- (b) paid Sewer DCCs to the District in respect of all or a portion of the Lands.

then the District will pay to the Owner an amount equal to the amount of the Sewer DCCs paid to the District provided that the total amount paid to the Owner under this Agreement will never exceed the amount of the Sewer Contribution.

2.2 Limitation on Payment

The District shall only be required to pay monies in accordance with Section 2.1 to the extent that the District actually receives Sewer DCCs, less any deductions or credits, in respect of the Lands.

2.3 Payment Obligations to Cease

Despite anything contained in this Agreement the District's obligation to make payments under Section 2.2 herein shall cease upon the earlier of:

- (a) the expiration of the Term; and
- (b) the date that the Owner has received payments under this Agreement that amount in total to the amount of the Sewer Contribution.

2.4 Payment Dates

The District will remit the amounts owing under this Agreement once each calendar year on the anniversary of the date of this Agreement, until the termination of this Agreement.

2.5 Address of Owner

The District shall send the payments required hereunder to the Owner at the address of the Owner as set forth in this Agreement or at such other address as the Owner may notify the District. If the payments are returned to the District unclaimed by the Owner and if the District is unable to locate the Owner after all reasonable efforts, then the District shall hold all monies collected until the termination of this Agreement when the District shall be entitled to retain all such unclaimed funds forever.

3. TERMINATION

3.1 Termination Date

This Agreement shall terminate upon the earlier of the expiration of the Term or the date that the Owner has received payments under this Agreement that in total amount to the amount of the Sewer Contribution.

3.2 Owner's Risk

The Owner agrees that the fact that payments made to it pursuant to Section 2.1 of this Agreement may amount to less than the Sewer Contribution is at the Owner's risk and at the termination of this Agreement no further monies are payable to the Owner pursuant to this Agreement.

4. GENERAL

4.1 Assignment Restrictions

The Owner shall not assign their rights or obligations under this Agreement without the prior consent in writing of the District unless the Owner has assigned its obligations to a purchaser of the Lands and that purchaser has executed and delivered to the District an assumption of the obligations of this Agreement in form and substance acceptable to the District acting reasonably.

4.2 Severability

All the obligations and covenants contained in this Agreement are severable, so that if any one (1) or more of the obligations or covenants are held by or declared by a court of competent jurisdiction to be void or unenforceable, the balance of the obligations and covenants shall remain and be binding.

4.3 No Derogation

Nothing contained or implied herein shall derogate from the obligations of the Owner under any other agreement with the District or, if the District so elects, prejudice or affect the District's rights, powers, duties or obligations in the exercise of its functions pursuant to the *Local Government Act* and the *Community Charter* as amended from time to time or the functions of the Approving Officer for the District pursuant to the Land Title Act as amended from time to time and the rights, powers, duties and obligations of the District under all public and private statutes, bylaws, orders and regulations, which may be, if the District or the Approving Officer so elects, as fully and effectively exercised in relation to the Lands as if this Agreement had not been executed and delivered by the Owner and the District.

4.4 No Waiver

The Owner acknowledge and agree that no failure on the part of the District to exercise and no delay in exercising any right under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise by the District of any right under this Agreement preclude any other or future exercise thereof or the exercise of any other right. The remedies herein provided shall be cumulative and not exclusive of any other remedies provided by law and all remedies stipulated for the District herein shall be deemed to be in addition to and not restrictive of the remedies of the District at law or in equity.

4.5 Enurement

This Agreement shall enure to the benefit of and be binding upon the Owner and the District and their respective successors, administrators and permitted assigns.

4.6 Notice

Any notice given under this Agreement may be well and adequately given if delivered or mailed by prepaid registered mail from any post office in British Columbia, and in the case of the Owner delivered or addressed to it at:

Porpoise Bay Developments Ltd.
P.O. Box 4367, Station C
Calgary, Alberta
T2T 5N2

Attention: Gabriel Khoury

and in the case of the District delivered or addressed to it at:

District of Sechelt
P.O. Box 129
Sechelt, British Columbia
V0N 3A0

Attention: Director of Engineering Services

or at such other address as the parties or any successor, as the case may be, may from time to time advise by notice in writing. The date of receipt of any such notice shall be deemed to be the date of delivery of such notice, if delivered, or on the third business day next following the

date of mailing, if mailed as aforesaid, provided that if mailed, should there be, between mailing and the actual receipt of such notice, a mail strike, slowdown or other labour dispute which might affect the delivery of such notice, such notice shall only be effective if actually delivered.

4.7 Bankruptcy

The Owner shall be deemed to be in default of its obligations under this Agreement if an order shall be made or a resolution passed for the winding up of the Owner or a petition shall be filed for the winding up of the Owner unless the same is being contested in good faith and in connection therewith, dismissed, stayed or withdrawn within sixty (60) days of the Owner receiving notice or otherwise having knowledge of the institution thereof or if the Owner shall commit any act of bankruptcy or shall become insolvent or shall make an assignment or proposal under the applicable bankruptcy legislation of any jurisdiction or a general assignment in favour of its creditors or a bulk sale of its assets or if any application is made by or with respect to the Owner under the Companies Creditors Arrangement Act (Canada) or similar legislation or if a proceeding is instituted for the winding up of the Owner or a petition in bankruptcy is filed or presented against the Owner under a bankruptcy or a similar act and if in any such case such application, proceeding or petition is not dismissed, stayed or withdrawn within sixty (60) days of the Owner receiving notice or otherwise having knowledge of the institution thereof, or a receiver or receiver manager is appointed of any part of the assets of the Owner.

4.8 Time

Time shall be of the essence of this Agreement.

4.9 Laws of British Columbia

This Agreement shall be governed by and construed and enforced in accordance with the laws of the Province of British Columbia.

4.10 Gender

If the singular, masculine or neuter is used in this Agreement, the same will be deemed to include references to the plural, feminine or body corporate according to the context of which it is used.

4.11 Capacity and Authority

The Owner represents and warrants to and covenants and agrees with the District that:

- (a) it has the full and complete power, authority and capacity to enter into, execute and deliver this Agreement and to bind all legal and beneficial interests in the title to the Lands with the interests in land created hereby;
- (b) this Agreement shall be fully and completely binding upon the Owner in accordance with the terms hereof and the Owner will perform all of their obligations under this Agreement in accordance with the terms hereof; and

- (c) the foregoing representations, warranties, covenants and agreements shall have force and effect notwithstanding any knowledge on the part of the District whether actual or constructive concerning the status of the Owner with regard to the Lands or any other matter whatsoever.

IN WITNESS whereof the parties have executed and delivered this Agreement the date and year first above written.

PORPOISE BAY DEVELOPMENTS LTD.

by: _____

THE CORPORATION OF THE DISTRICT OF SECHelt

by: _____

DRAFT

SCHEDULE A

Lands

025-624-776	Lot 1 District Lots 1557 and 7903 Group 1 NWD Plan BCP4625
023-399-651	Lot B Block 1 District Lot 1557 Group 1 NWD Plan LMP27859
023-399-660	Lot C Block 1 District Lot 1557 Group 1 NWD Plan LMP27859
023-399-678	Lot D Block 1 District Lot 1557 Group 1 NWD Plan LMP27859
013-657-925	District Lot 4682 Group 1 New Westminster District
015-853-314	District Lot 4683 Group 1 New Westminster District
015-853-322	District Lot 4684 Group 1 New Westminster District
015-853-331	District Lot 4685 Group 1 New Westminster District
015-853-357	District Lot 4686 Group 1 New Westminster District
015-853-381	District Lot 4687 Group 1 New Westminster District

END OF DOCUMENT