

SCHEDULE B

REVITALIZATION TAX EXEMPTION AGREEMENT

THIS AGREEMENT dated for reference the ____ day of _____, 2019 is

BETWEEN:

Vanguard Projects Inc.

4420 West Saanich Road
Victoria, BC V8Z 7E7

(the "Owner")

AND:

CORPORATION OF THE
TOWNSHIP OF ESQUIMALT

1229 Esquimalt Road
Esquimalt, B.C.
V9A 3P1

(the "Township")

GIVEN THAT:

A. The Owner was the registered owner in fee simple of lands in the Township of Esquimalt at 826 Esquimalt Road, Esquimalt BC V9A 3M4 legally described as Lot 2, Section 11, Esquimalt District, Plan VIP4225, (the "Parcel");

B. Council has established a revitalization tax exemption program (the "Program") and has included within the Township of Esquimalt Revitalization Tax Exemption Bylaw, 2015, No. 2852 (the "Bylaw") the designation of areas which include the Parcel as a revitalization area; and

C. The Owner has constructed new improvements on the Parcel as described in Appendix B attached to and forming part of this Agreement (the "Project") and has applied to the Township to take part in the Program in respect of the Project and the Township has agreed to accept the Project under the program;

THIS AGREEMENT is evidence that in consideration of the promises exchanged below, the Owner and the Township covenant and agree each with the other as follows:

1. The Project – The Owner used its best efforts to ensure that the Project was constructed, maintained, operated and used in a fashion that will be consistent with and will foster the objectives of the Program, as outlined in the Bylaw.

2. Operation and Maintenance of the Project – Throughout the term of this Agreement, the Owner shall operate, repair and maintain the Project and will keep the Project in a state of good repair as a prudent owner would do.
3. Revitalization Tax Exemption – Subject to fulfilment of the conditions set out in this agreement and in the Bylaw, the Township shall issue a revitalization tax exemption certificate (the “Tax Exemption Certificate”) to the British Columbia Assessment Authority entitling the Owner to a property tax exemption in respect of the municipal property taxes due in relation to the improvements on the Parcel (the “Tax Exemption”) for the calendar year(s) set out in this Agreement. The Tax Exemption Certificate shall be in the form of Appendix A, which is attached to and forms part of this Agreement.
4. Conditions – The following conditions shall be fulfilled before the Township will issue a Tax Exemption Certificate to the Owner in respect of the Project:
 - a. The Owner obtained a building permit from the Township for the Project;
 - b. The Owner completed construction of the Project in a good and workmanlike fashion and in strict compliance with the building permit and the plans and specifications attached hereto as Appendix B;
 - c. The completed Project satisfied the performance criteria set out in Appendix B hereto, as determined by the Township’s Director of Development Services or designate, in their sole discretion, acting reasonably.
 - d. The construction of the Project must not have been in response to an order of the Township or an order of another public authority.
 - e. The Owner must not have applied to the Township during the term of this Agreement to change the zoning of the Parcel to some use other than the proposed use stated in the application.
 - f. The Owner must not demolish or remove the Project during the term of the Tax Exemption and if the Project should be damaged or destroyed by fire or other cause beyond the control of the Owner, the Owner must repair or reconstruct the Project within 18 months of the date the damage occurred.
5. Calculation of Revitalization Tax Exemption – The amount of the Tax Exemption, as defined in the Bylaw, shall be equal to:

Years 1-5:	100% of the incremental assessed value of the improvements
Years 6-8:	75% of the incremental assessed value of the improvements
Years 9-10:	50% of the incremental assessed value of the improvements

but in any case shall not be more than the incremental increase in the assessed value of improvements on the Parcel between the year before the commencement of construction of the Project, and the year following the year in which the Tax Exemption Certificate is issued.
6. Compliance with Laws – The Owner has constructed the Project and, at all times during the term of the Tax Exemption or any renewal term, will use and occupy the Parcel and the Project in compliance with all statutes, laws, regulations and orders of any authority having jurisdiction and, without limiting the generality of the foregoing, all federal, provincial, or municipal laws or statutes or

bylaws, including all the rules, regulations, policies, guidelines, criteria or the like made under or pursuant to any such laws.

7. Effect of Stratification – If the Owner stratifies the Parcel under the *Strata Property Act*, the Tax Exemption shall be prorated among the strata lots in accordance with the unit entitlement of each strata unit for:
 - a. The current and subsequent tax year during the currency of this Agreement if the strata plan is accepted for registration by the Land Titles Office before September 1st; or
 - b. For the next calendar year and each subsequent tax year, during the currency of this Agreement if the strata plan is accepted for registration at the Land Titles Office after September 1st
8. Cancellation – The Township may in its sole discretion cancel the Tax Exemption Certificate at any time:
 - a. on the written request of the Owner; or
 - b. effective immediately upon delivery of a notice of cancellation to the Owner if at any time any of the conditions in the Tax Exemption Certificate are not met.

If such cancellation occurs, the Owner of the Parcel for which the Tax Exemption Certificate was issued will remit to the Township an amount equal to the value of any Tax Exemption received after the cancellation of the Tax Exemption Certificate.

9. No Refund – For greater certainty, under no circumstances will the Owner be entitled under the Program to any cash credit, any carry forward tax exemption credit or any refund for any property taxes paid.
10. Notices – Any notice or other writing required or permitted to be given hereunder or for the purposes hereof to any party shall be sufficiently given if delivered by hand or posted on the Parcel, or if sent by prepaid registered mail or if transmitted by facsimile to such party:

- a. in the case of a notice to the Township, at:
THE TOWNSHIP OF ESQUIMALT
1229 Esquimalt Road
Esquimalt, B.C. V9A 3P1

Attention: Ian Irvine, Director of Financial Services

Email: ian.irvine@esquimalt.ca

- b. in the case of a notice to the Owner, at:
Vanguard Projects Inc.
4420 West Saanich Road
Victoria, BC V8Z 7E7

Attention: Mark Eraut

Email: mark@kingsnorthdevelopment.com

Or at such other address as the party to whom such notice or other writing is to be given shall have last notified the party giving the same.

11. No Assignment – The Owner shall not assign its interest in this Agreement except to a subsequent owner in fee simple of the Parcel who accepts the assignment and agrees to be bound by the Agreement.
12. Owner's Representation – The Owner represents and warrants to the Township that:
 - a. If the Owner is a corporation, all necessary corporate actions and proceedings have been taken by the Owner to authorize its entry into and performance of this Agreement;
 - b. If the Owner is a corporation, the Owner has the corporate capacity and authority to enter into and perform this Agreement; and
 - c. Upon execution and delivery on behalf of the Owner, this Agreement constitutes a valid and binding contractual obligation of the Owner
13. Severance – If any portion of this Agreement is held invalid by a court of competent jurisdiction, the invalid portion shall be severed and the decision that it is invalid shall not affect the validity of the remainder of this Agreement.
14. Further Assurances – The parties hereto shall execute and do all such further deeds, acts, things and assurances that may be reasonably required to carry out the intent of this Agreement.
15. Waiver – Waiver by the Township of a default by the Owner shall be in writing and shall not be deemed to be a waiver of any subsequent or other default.
16. Powers Preserved – This agreement does not:
 - a. Affect or limit the discretion, rights or powers of the Township under any enactment or at common law, including in relation to the use or subdivision of the Parcel; or
 - b. Relieve the Owner from complying with any enactment, including in relation to the use or subdivision of the Parcel, and without limitation shall not confer directly or indirectly any exemption or right of set-off from connection charges, application fees, user fees or other rates, levies or charges payable under any bylaw of the Township.
17. Entire Agreement – This Agreement constitutes the entire agreement between the Owner and the Township with regards to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Township with the Owner
18. Modifications – No amendment or modification of any of the terms or provisions of this Agreement will be of any force or effect unless the amendment or modification is in writing and duly executed by the Township and the Owner.
19. Expense of the Owner – The expense of performing the obligations and covenants of the Owner contained in this Agreement, and of all matters incidental to them, is solely that of the Owner.

20. Reference – Every reference to each party is deemed to include the heirs, executors, administrators, personal representatives, successors, assigns, servants, employees, agents, contractors, officers, licensees and invitees of such party, wherever the context so requires or allows.

21. Enurement – This Agreement shall enure to the benefit of, and be binding upon, the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

Vanguard Projects Inc.

Corporation of the Township of Esquimalt

Per: _____

Per: _____

Director of Financial Services

Per: _____

Per: _____

Corporate Officer