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This Contract is made as of the 7th day of December, A.D. 1977.

BETWEEN:

The Corporation of the District of Saanich, 770 Vernon Avenue, Saanich, British Columbia

(hereinafter called "the Municipality")

OF THE FIRST PART

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AND:

CAPITAL BUILDERS LTD., (Incorporation No. 83,339) a Company duly incorporated under the laws of the Province of British Columbia, having a place of business at 3375 Whittier Avenue, Victoria, British Columbia

(hereinafter called "the Owner")

OF THE SECOND PART

WHEREAS:

A. The Owner is the registered Owner of an estate in fee simple of all and singular those certain parcels or tracts of land and premises situate, lying and being in the Municipality of Saanich, in the Province of British Columbia, and being more particularly known and described as:

FIRSTLY: Lot 1, Section 63, Victoria District, Plan 15395, EXCEPT those parts thereof included within the boundaries of Plans 15788 and 17193.

SECONDLY: Parcel "B" (DD 43086-I), Section 63, Victoria District (now known as Lot "A", Section 63, Victoria District, Plan 31052)

B. The Owner has presented to the Municipality a scheme of use and development of the land and premises that would be in contravention of a by-law of the Municipality or Sections 712 or 713 of the Municipal Act of British Columbia, or both, and has requested that the Council of the Municipality enter into this Contract under the terms, conditions, and for the consideration hereinafter set forth.

C. The land is located within an area which has been heretofore designated as a development area by the Council of the Municipality;

D. The Council of the Municipality, pursuant to Section 702A of the Municipal Act of British Columbia, may, notwithstanding any by-law of the Municipality, or Sections 712 or 713 of the said Municipal Act, enter into a land use contract containing such terms and conditions for the use and development of land within a development area as may be agreed upon with an Owner, and thereafter the use and development of the land shall be in accordance with the land use contract;

E. The Owner has obtained the consent of all persons having a registered interest in the land as set out in Schedule "A" prefacing the consents to the use and development set forth herein which consents are attached hereto;

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F. The Council of the Municipality, having given due consideration to the criteria set forth in Sections 702(2) and 702A of the said Municipal Act, has agreed to the terms, conditions and considerations herein contained;

G. If the land is within a radius of one-half mile of the intersection of a controlled access highway and another highway, the approval of the Minister of Highways to the terms hereof must be obtained;

H. The Municipality and the Owner both acknowledge that the Council of the Municipality could not enter into this contract, until the Council held a public hearing in relation to this contract, and considered any opinions expressed at such hearing, and unless two-thirds majority of all of the members of the Council present at the meeting at which the vote is taken and entitled to vote on the by-law voted in favour of entering into this contract;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and the conditions and covenants hereinafter set forth, the Municipality and the Owner covenant and agree as follows:

1. The land, including the surface of water and any and all buildings and structures erected thereon, thereover or therein shall be used for the purpose of developing and operating a multi-unit rental apartment complex (hereinafter referred to as "the development project").
2. No building or structure shall be constructed, reconstructed, altered, moved or extended upon the land except in compliance with the plans and specifications to be deposited with and approved by the Municipality and attached hereto as Schedule "B" (hereinafter referred to as "the plans and specifications").
3. No sign shall be erected upon the land or any building or structure thereon except as permitted by any applicable by-law of the Municipality.
4. Off street parking and loading spaces shall be provided, located and constructed in accordance with the plans and specifications except that the parking billets shown on the plans and specifications as numbers (22) and (30) shall be relocated to allow space for sufficient fire access.
5. All buildings and structures shall be constructed strictly in compliance with the plans and specifications and in addition a rate of rise smoke detector of a type and quality acceptable to the Municipality shall be installed in each dwelling unit of the proposed building.
6. All landscaping, surface treatments, fences and screens shall be constructed, located, provided, and maintained in compliance with the plans and specifications.
7. All utilities, including water, sewer, telephone and electricity shall be placed, provided and maintained in compliance with the plans and specifications and in addition one fire hydrant is to be

installed at a location near the proposed building, such location shall be stipulated by the Municipal Engineer. Easements as required for these services will be provided for by the Owner, including survey plans, documentation and registration.

8. (a) All highways, bridges, lanes and walkways, as applicable to proposed development project including drainage, surfacing, curbs, gutters, street lighting, boulevards and street signs shall be provided, located and constructed in compliance with the plans and specifications.
- (b) In addition, Savannah Avenue is to be widened and paved to provide a minimum width of (28) feet and concrete curb, gutter and sidewalk shall be provided and placed on the East side of Savannah Avenue abutting the development project. Such improvements shall be of a quality acceptable to the Municipal Engineer and the said improvements shall be made to that portion of Savannah Avenue commencing at the intersection of Savannah and Cloverdale Avenues and running northward for a distance of approximately (275) feet. The said improvements and services shall be provided and placed by the Owner and shall be in accordance with drawings prepared by the Owner and submitted to and approved by the Municipal Engineer prior to the commencement of construction.
9. Notwithstanding anything elsewhere contained herein, if subsequent to the issuance of a building permit, it shall be made to appear to the Municipal Engineer for the time being of the Municipality that it is expedient or desirable in the interests of both the public and the Owner that minor departures from the applicable plans and specifications, having no substantial effect upon the essential nature or character of the development project, should be permitted in order to meet the requirements of generally accepted design and engineering standards or practices, or to comply with building or fire regulations or with any other requirements of any authority having jurisdiction in the premises the Municipal Engineer may, in his absolute discretion, permit such departures.
10. Notwithstanding anything elsewhere contained herein, the Owner may, from time to time, when requested to do so by the Authority having jurisdiction over the dedication or establishment of highways, dedicate or convey such portions of the land as may be required for highway purposes, free from this Contract, upon the release by the Municipality of this Contract over the part to be dedicated.
11. No lands shall be subdivided except in compliance with the plans and specifications.
12. The entire cost of the development of the land including the provision of all services and the provision and construction of the items set out in paragraphs 4 to 8 hereof shall be paid for by the Owner, except that the Municipality agrees to replace the existing 2 inch watermain on Savannah, from the West property line of the development site to Lovat, provided the Owner shall contribute to the cost so incurred by the Municipality on a pro rata basis based on frontage on Savannah.
13. (a) All off-site works and services, buildings, structures and pipes and fixtures and development constructed, placed or carried out upon the property that is now, or by this Contract becomes vested in the Municipality or located upon highways required to be dedicated, shall, upon acceptance by the Municipality in writing, become the property of the Municipality free and clear of any claim by the Owner or any person claiming through the Owner and the Owner shall save harmless the Municipality from any such claim.

- (b) The Municipality shall from the date of acceptance, become solely responsible for the operation, upkeep and maintenance of any works and services and any building, structure, pipes and fixtures or development accepted by it pursuant to this paragraph, except that the Owner shall correct all deficiencies of the materials and workmanship supplied and shall be responsible for and shall make good all defects which become apparent during the one-year period next ensuing from the date of acceptance as shown on the Municipal Engineer's Certificate of Acceptance.

 - (c) Should the Owner fail to make good any defects which arise during the said one year period after being given at least seven (7) days notice in writing during the maintenance period, the Municipality shall be entitled to make alternative arrangements for the execution of the repairs and to recover all reasonable costs incurred in so doing from the Owner.

 - (d) Should repairs be required on emergency, the Municipality shall be entitled to arrange for the repairs and to recover all reasonable costs incurred in so doing from the Owner.

 - (e) Nothing contained in this paragraph shall be deemed to require the Municipality to operate, maintain or repair such works and services, buildings, structures, pipes, fixtures or development in any manner or to any extent different from its obligations in relation to similar works, services, buildings, structures, pipes, fixtures or developments constructed by it out of its general Municipal funds.
14. Unless the Owner shall have commenced the development of the land in accordance with this Contract within twelve (12) months from the date hereof, this Contract may be terminated forthwith at the option of the Municipal Council. For the purposes of this paragraph the development shall be deemed to have been commenced when the value of the construction or erection undertaken by the Owner in the land in accordance with this Contract shall exceed Ten Thousand (\$10,000) Dollars as certified by the Municipal Engineer.
15. The Owner shall carry out the work and construct, locate, provide, develop and complete the proposed development project as contained herein and as contained in the plans and specifications. The development project to be completed within twenty-four (24) months of the issuance of a building permit.
16. This Agreement shall be registered in the Land Registry Office in the City of Victoria as a first charge against the land having priority over any and all other charges, encumbrances and liens registered against the land, save and except the following:
- (a) With respect to Lot 1, Section 63, Victoria District, Plan 15395, except those parts thereof included within the boundaries of Plans 15788 and 17193, a reservation of minerals in favour of The Crown registered in the Victoria Land Registry Office under number U267257-G.

 - (b) With respect to Parcel "B" (DD 43086 I) of Section 63, Victoria District, a reservation of minerals in favour of The Crown registered in the Victoria Land Registry Office under number U139697-G.


- 17. Wherever the singular or masculine is used herein, the same shall be construed as meaning the plural, feminine or body corporate where the context so requires.
- 18. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective administrators, successors and assigns.
- 19. The said plans and specifications shall be annexed to and form a part of this Contract upon their deposit with and approval by the Municipality.

IN WITNESS WHEREOF the parties hereto have caused these presents to be executed as of the day, month and year first above written.

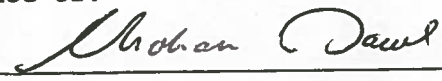
THE CORPORATE SEAL OF THE CORPORATION)
 OF THE DISTRICT OF SAANICH was here-)
 unto affixed in the presence of:)

Approved as
 to form only

 Solicitor


 _____)
 MAYOR)
 _____)
 _____)
 CLERK)

THE COMMON SEAL OF CAPITAL BUILDERS)
 LTD. was hereunto affixed in the pre-)
 sence of:)


 _____)
 _____)
 Assistant Secretary)

