



***Memorandum of Understanding
(MOU)***

Re: The Securing of Provincial Airport Option Lands

with the

Kitselas First Nation

and the

City of Terrace

(The Parties)



Whereas:

- 1) Kitselas and the City of Terrace entered into a Co-operation Protocol in August 2006 to establish the processes and structures to foster mutually beneficial joint initiatives;
- 2) Kitselas and the City of Terrace wish to secure certain lands adjacent to the Terrace/Kitimat Airport from the Province of B.C. for development and use as industrial lands; and
- 3) The Kitselas First Nation and the City of Terrace wish to set out their mutual understandings and commitments respecting these lands in this MOU.

Now Therefore the Parties agree as follows:

1.0 Purpose:

- 1.1 The purpose of this MOU is to set out the objectives, principles, understandings, processes and structures which will guide this joint land development project hereinafter referred to as the Terrace/Kitimat Airport Lands Project (Airport Lands).

2.0 Area of Application:

- 2.1 This MOU applies to the lands outlined in red on the map attached as Appendix A.

3.0 Objectives:

- 3.1 The objectives of this MOU are:
 - a) to establish a joint venture structure to plan, develop and manage the Airport Lands in a manner that is mutually beneficial to the Parties and which fosters the sustainable economic growth of the region;
 - b) if the City of Terrace exercises its option to secure all or part of the Airport Option Lands from the Province of B.C. the acquired lands will be utilized in accordance with this MOU; and
 - c) to utilize this MOU to secure the financial resources necessary to support the Parties' participation in the Airport Lands Project.

4.0 Principles:

- 4.1 The joint venture structure will operate on a business basis at arm's length from the Parties' respective elected Councils.
- 4.2 Notwithstanding 4.1, the elected Councils will provide a policy framework and establish the broad goals and objectives of the joint venture project and monitor the ongoing effectiveness of that policy framework and the project goals through periodic meetings with the joint venture executive.
- 4.3 Land development will be guided by the following principles:
 - a) optimizing return on investment;
 - b) fostering the development of the regional economy;
 - c) attracting new business investment to the area; and
 - d) addressing the Parties' needs for industrial land for their own purposes.

5.0 Joint Venture Structure:

- 5.1 The joint venture structure will be comprised of a corporation representing the City of Terrace and a corporation representing the Kitselas First Nation. The Parties may use existing corporations if such corporations are appropriate to this joint venture or may elect to form new corporations expressly for the purpose of undertaking the joint venture.
- 5.2 For the purpose of this MOU, it is the Parties' intention that each Party will hold a 50% interest in the acquired Airport Lands. This model may be revised by the Parties subsequent to a review and consideration of other options.
- 5.3 Matters related to shareholder loans, development capital, subsequent partner cash calls, and project management will be dealt with through a specific joint venture agreement.
- 5.4 The Parties will undertake to develop and sign the joint venture agreement within sixty days of a favorable decision from the Province of B.C. with respect to the Airport Lands Option Agreement. This sixty day period may be extended by mutual agreement between the Parties.

6.0 Government to Government Matters:

- 6.1 Kitselas and the City of Terrace acknowledge that there are matters of a governance nature related to the Airport Lands Project that require resolution.

6.2 The following matters will be dealt with through a subsequent Memorandum of Understanding that replaces this agreement:

- a) tax status of the Airport Lands prior to development,
- b) tax sharing post development;
- c) provision of local government services; and
- d) cooperative authorities for planning, land use and zoning.

6.3 The Parties undertake to negotiate and make best efforts to conclude this subsequent MOU as soon as practicable.

7.0 General:

7.1 This MOU may be amended by written agreement of the Parties.

7.2 This MOU will remain in effect until replaced by the subsequent agreement referred to in Section 6.0.

7.3 This MOU does not affect any aboriginal right, title or interest of the Kitselas First Nation.

7.4 This MOU does not prejudice or affect the City of Terrace'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.

7.5 For the purposes of this MOU, notice shall be deemed received after being hand delivered or transmitted by facsimile and sent to the attention of the following persons at the respective addresses:

Chief and Council
Kitselas First Nation
Site 44 Comp 24 R.R. #2
Terrace, B.C. V8G 3Z9
250-635-5335 (fax)

Chief Administrative Officer
City of Terrace,
3215 Eby Street
Terrace, B.C. V8G 2X8
250-638-4777 (fax)

Agreed and accepted this ____ day of ____, 2007

Kitselas First Nation

City of Terrace