

MEMORANDUM OF UNDERSTANDING

BETWEEN:

SATURNA ISLAND RECREATION & CULTURAL CENTRE SOCIETY (Inc. No.S0030051) P.O. Box 171, Saturna Island, British Columbia (“Recreation Society”)

AND:

SATURNA ISLAND FIRE PROTECTION SOCIETY (Inc. No. S0031474) P.O. Box 168, Saturna Island, British Columbia (“Fire Protection Society”)

WHEREAS the Recreation Society is the owner of those lands and premises located at Harris Road and Narvaez Bay Road, Saturna Island, more particularly known and described as PID 024 189 332, Lot A Section 8, Saturna Island, Cowichan District, Plan VIP67333 (the “Property”);

AND WHEREAS the Recreation Society and the Fire Protection Society have entered into a long term lease (the “Lease”) of Leased Premises on the Property and an Easement over certain portions of the Property for the purpose of the construction and operation by the Fire Protection Society of an Emergency Services Building on the Leased Premises;

AND WHEREAS the Recreation Society has granted to the Fire Protection Society an option to subdivide the Leased Premises and Easement from the Property and for the Fire Protection Society to purchase the subdivided portion;

AND WHEREAS the Fire Protection Society agrees to assume any and all costs associated with the subdivision and purchase of the Leased Premises and Easement;

THIS MEMORANDUM WITNESSES THE FOLLOWING AGREEMENT OF THE PARTIES:

1. The plan of Richard Wey, BCLS, attached as Schedule “A” describes a plan of subdivision creating “Parcel 2” and “Parcel 1”, the remainder of the subdivision.
2. In order to facilitate and further the subdivision and sale process:
 - a) the Fire Protection Society shall diligently pursue the approval of the subdivision of Parcel 2 from the Property. The Fire Protection Society shall

have conduct of and pay the cost of the subdivision approval, subdivision and registration of Parcel 2;

- b) the Recreation Society shall provide the Fire Protection Society with a letter of authorization to pursue the approval process on its behalf as owner. The Recreation Society shall take whatever reasonable steps and provide all assurances and execute such documents as are reasonably necessary to facilitate the subdivision, registration and sale of Parcel 2 to the Fire Protection Society;
 - c) at the request of the Fire Protection Society, the Recreation Society shall devote reasonable efforts to obtain consent of the holder of any encumbrances registered against title to the Property and to release those encumbrances from Parcel 2;
 - d) the Recreation Society shall devote reasonable efforts to obtain a waiver to the right of first refusal to purchase the Property held by Her Majesty the Queen in right of Canada;
 - e) the parties shall cooperate in negotiating the agreements and easements necessary to facilitate the provision of utilities, road access and septic field use to Parcel 2 upon subdivision. The parties specifically agree to continue the agreed shared use of the effluent disposal sites on Parcel 1.
3. The parties agree that upon successful subdivision and registration:
- a) the Recreation Society shall continue to offer the use of services on Parcel 1, including effluent disposal and perpetual access to repair and/or replace the Fire Protection Society's sewerage lines. The Fire Protection Society hereby agrees to repair any damage it causes to the geothermal system when undertaking said work;
 - b) the Fire Protection Society also undertakes to not cover the area designated "Section 1" on Schedule "A" attached hereto and/or erect any buildings in said area;
 - c) the Fire Protection Society hereby grants the Recreation Society access in perpetuity to that part of its geothermal system situated within Parcel 2;
 - d) the Recreation Society hereby undertakes to correct any damage it causes to the force main connecting its sewerage system to the Fire Protection Society's system. The Fire Protection Society hereby undertakes to correct any damage it causes to the Recreation Society's sewerage system;
 - e) the Recreation Society hereby undertakes to make available to the Fire Protection Society its facility and associated amenities as may be required by

the Fire Protection Society from time to time (e.g. exercise room, gym and meeting room) and the Fire Protection Society hereby commits such use will not interfere with the Recreation Society's other utilization of said facility;

- f) the services described in this Part shall be provided by the Recreation Society for an annual fee of not less than \$5,000, such fee being subject to review every ten (10) years and revised by agreement or arbitration to provide the Recreation Society with a contribution towards the cost of maintaining the services, for use by the Fire Protection Society.
4. Upon the subdivision and registration of Parcel 2, the Recreation Society shall sell, and the Fire Protection Society shall purchase, Parcel 2 for the purchase price of Ten Dollars (\$10.00). The purchase and sale shall complete thirty (30) days after the registration of title to Parcel 2 or if the Land Title Office is closed on that day, the first subsequent day the Land Title Office is open. In the event of delay of any approval required for the purchase and sale of Parcel 2, the completion date shall be extended accordingly.
5. The parties shall take all steps, execute all documents, provide any assurances and cooperate fully to give effect to this Memorandum of Understanding. It is specifically understood and agreed that this Memorandum of Understanding supersedes and/or replaces any and all other prior documents between the parties.

DATED at Saturna Island, British Columbia, this ____ of _____ 2012

SATURNA ISLAND RECREATION & CULTURAL CENTRE SOCIETY

Per its authorized signatory

SATURNA ISLAND FIRE PROTECTION SOCIETY

Per its authorized signatory