

THIS MEMORANDUM OF UNDERSTANDING (the “MOU”) is made at Kitimat, British Columbia, Canada, this 14th day of April, 2015

BETWEEN:

Regional District of Kitimat-Stikine (“RDKS”),

AND

City of Terrace,

AND

District of Kitimat,

AND

District of Stewart,

AND

Village of Hazelton,

AND

District of New Hazelton,

AND

RDKS Electoral Area A – Nass Valley, Meziadin,

AND

RDKS Electoral Area B – Hazeltons rural areas, Kispiox Valley, Moricetown through Cedarvale,

AND

RDKS Electoral Area C – rural Terrace area, south coast,

AND

RDKS Electoral Area D – Telegraph Creek, Iskut, Bob Quinn,

AND

RDKS Electoral Area E – Thornhill,

AND

RDKS Electoral Area F – Dease Lake,

AND

Skeena-Queen Charlotte Regional District (“SQCRD”),

AND
City of Prince Rupert,

AND
District of Port Edward,

AND
Village of Queen Charlotte,

AND
Village of Port Clements,

AND
Village of Massett,

AND
SQCRD Electoral Area A – Dodge Cove,

AND
SQCRD Electoral Area C – Oona River,

AND
SQCRD Electoral Area D – rural Graham Island,

AND
SQCRD Electoral Area E – Sandspit,

AND
Regional District of Bulkley-Nechako (“RDBN”),

AND
Town of Smithers,

AND
District of Houston,

AND
District of Vanderhoof,

AND
Village of Burns Lake,

AND
Village of Fraser Lake,

AND
District of Fort St. James,

AND
Village of Telkwa,

AND
Village of Granisle,

AND
RDBN Electoral Area A – Smithers rural,

AND
RDBN Electoral Area B – Burns Lake rural,

AND
RDBN Electoral Area C – Fort St. James rural,

AND
RDBN Electoral Area D – Fraser Lake rural,

AND
RDBN Electoral Area E – Francois/Ootsa Lake rural,

AND
RDBN Electoral Area F – Vanderhoof rural,

AND
RDBN Electoral Area G – Houston rural

hereinafter collectively called the “Local Governments” or "Parties" and individually a "Party."

WHEREAS:

- A. The Parties have important government responsibilities across an area of 185,000 square kilometres with a population of 94,500 in Northwest British Columbia (“Northwest BC”) including:
 - (a) providing for good government of their communities,
 - (b) providing for services, laws and other matters of community benefit,
 - (c) providing for stewardship of the public assets of their communities,
 - (d) fostering the economic, social and environmental well-being of their communities, and
 - (e) ensuring that major resource development does not put the long term sustainability of communities at risk;
- B. Northwest BC is experiencing an unprecedented level of resource development with numerous major projects at various stages of development including oil and gas pipelines, oil refineries, port facilities, container facilities, rail transport, new or expanded mines, upgrades to the Rio Tinto Alcan smelter, forestry, hydroelectric projects, transmission lines, LNG plants, and related residential, commercial and retail development (“major resource development”);
- C. This major resource development will result in significant temporary and permanent population increases and has substantial direct and indirect economic, social, health, environmental and heritage impacts on all Local Government communities;
- D. The provincial government, federal government and major resource companies must share the benefits of major resource development with Local Governments and provide access to new long term sustainable revenue sources sufficient to:
 - (a) fully address historical infrastructure deficits,
 - (b) fully address all adverse impacts associated with major resource development, and
 - (c) leave Local Government communities better off through legacy resources;
- E. Potential revenue sources include:
 - (a) A share of revenues from each industrial sector and major project,
 - (b) A fair share of industrial tax revenue from the industrial tax base outside municipal boundaries,
 - (c) Improved grants-in-lieu where applicable,
 - (d) New long term grant programs, and
 - (e) Bi-lateral agreements with major companies;
- F. Major resource development in other parts of British Columbia has been accompanied by significant benefit sharing through mechanisms such as the Columbia Basin Trust;

G. Regarding resource benefits negotiations with the Province, Local Governments:

- (a) acknowledge that the Province is responsible for establishing the fiscal framework for companies operating in British Columbia,
- (b) seek an equitable share of provincial revenue generated under the province's fiscal framework, and
- (c) do not support resource benefit sharing options which result in negative impacts on property taxes, Development Cost Charges (DCCs) and other development related fees, reduced funding to other government programs, or adverse impacts on business competitiveness, and
- (d) seek to leave Local Government communities better off through legacy resources;

H. Time is of the essence for Local Governments to pursue negotiations with the provincial government, federal government where applicable, and major resource companies because important public policy decisions and corporate investment decisions will be taken in 2015 and 2016; and

I. Resource benefits negotiations with the provincial government, federal government, and major resource companies regarding major resource development will be more effective and efficient if Local Governments act in concert.

NOW THEREFORE, in consideration of the mutual promises and covenants herein set forth, the Parties agree to work together in a spirit of cooperation and mutual respect to pursue resource benefits negotiations with the provincial government, federal government where applicable, and major resource companies in respect of major resource development in Northwest BC:

Article 1 - Purpose and Objective

1.1 This MOU sets out the main elements of a collaborative working relationship between the Parties to guide the joint negotiation of significant new long term sustainable revenue sources from the provincial government, federal government where applicable, and major resource companies sufficient to:

- (a) fully address historical infrastructure deficits,
- (b) fully address all adverse impacts associated with major resource development, and
- (c) leave Local Government communities better off through legacy resources.

(the "Project" or the "Northwest BC Resource Benefits Project")

Article 2 - Northwest BC Area

2.1 The Northwest BC area covered by this Project is set out at Appendix A.

Article 3 - Guiding Principles

3.1 Resource benefits negotiations under this MOU will be guided by the following principles:

- (a) certainty and long term sustainability,
- (b) timeliness and responsiveness,
- (c) preservation of Local Government autonomy,
- (d) revenue sharing proportionate to scale and returns to government and industry from industrial activity,
- (e) full compensation for all adverse impacts in each Local Government community,
- (f) revenue sharing and compensation based on extent of impact not municipal taxation boundaries,
- (g) fairness, equity, parity,
- (h) legacy proportionate to scale of resource development and returns to government and industry,
- (i) revenue sharing and compensation payments timed to reflect Local Government priorities and timing requirements,
- (j) revenue sharing and compensation agreements will not adversely impact the tax base of Local Governments, DCCs or other development related fees,
- (k) others to be identified as resource benefit negotiations proceed.

Article 4 - Resource Benefit Negotiation Workplan

4.1 The proposed workplan for the negotiations contemplated under this MOU is set out at Appendix B.

Article 5 - Governance and Administrative Framework

5.1 The Parties agree that the overall administration of this MOU and the Project will be the responsibility of the RDKS.

5.1.1 Subject to available funding, the RDKS will provide a Project Manager for the Project who will have the responsibilities and perform the duties set out at Appendix C.

5.2 The Parties agree to participate on the Northwest BC Resource Benefits Alliance Committee (“RBA Committee”) in accordance with the RBA Committee terms of reference set out at Appendix D.

5.3 The Parties agree to the establishment of an advisory group (the “CAO Advisory Group”) comprised of the Chief Administrative Officers of the Parties and other advisory group members as determined by the CAO Advisory Group to support the work of this Project and the implementation of the MOU and negotiating mandate. The CAO Advisory Group will designate a Chair in the absence of the RDKS CAO.

5.3 The CAO Advisory Group will establish the Negotiating Team, which will carry out the negotiating mandate approved by the RBA Committee in close communication with the CAO Advisory Group and RBA Committee.

5.4 Subject to paragraph 5.5, each Party, the RBA Committee and the CAO Advisory Group will use best efforts to make Project decisions by consensus, failing which decisions will be made by corporate vote.

5.5 Paragraph 5.4 does not apply to Article 7 of the MOU.

Article 6 - Further Understandings & Agreements

6.1 The Parties will work together to develop such ancillary understandings and agreements as may be required to support implementation of this MOU. For greater certainty, this article does not create an obligation for the Parties to reach such understandings and agreements.

Article 7 - Allocation of Resource Benefits Negotiated

7.1 The Parties will use best efforts to reach consensus by August 31, 2015 on relevant factors to consider and a formula or formulas to allocate resource benefits between the Parties for each type of resource benefit negotiated.

7.2 A consensus reached under Article 7.1 will be recorded in writing and will be made legally binding on each Party.

7.3 If the Parties are unable to reach consensus under Article 7.1 on an allocation formula or formulas, then the Parties will make every reasonable effort to develop further understandings and agreements to resolve such an impasse in a manner that enables those Parties who wish to proceed with the Project to do so.

Article 8 - Project Implementation Budget

8.1 The Parties agree to the project implementation budget set out at Appendix E.

8.2 The Parties will make every reasonable effort to fund the project implementation budget through grants and financial contributions received from the provincial government, federal government if applicable, and major resource companies.

8.3 The project implementation budget will be administered by RDKS in accordance with RDKS financial management bylaws, policies and procedures.

8.4 RDKS will not incur project implementation costs unless funding is in place.

8.5 If a Party makes a financial contribution to the project implementation budget under the July 29, 2014 MOU or the project implementation budget under this MOU, as may be amended from time to time by the RBA Committee, reimbursement of that party's contribution will be treated as a priority when the Parties consider a) disposition of a project implementation budget surplus or b) the distribution of resource benefits negotiated under this MOU.

Article 9 - Confidentiality

9.1 Subject to applicable law, all information given by one Party to another Party will be kept in strict confidence and will not be released to third parties without the prior written consent of the Party who was the originator of said information. This restriction will not apply to information that is, or has become, generally known to the public other than by means of a violation of Article 9.

9.2 Notwithstanding Article 9.1, the Parties will disclose the existence of this MOU to third parties in accordance with the joint communications strategy under Article 10.

9.3 For greater certainty, the Parties may share information and documents related to this MOU with each other on a confidential and where applicable, in camera meeting basis.

Article 10 - Communication

10.1 The Parties will cooperate with each other in the form of regular communication and exchange of ideas, information, reports, studies and advice with a view to the successful implementation of this MOU.

10.2 The Parties will discuss a joint communication strategy and will update each other on meetings with government and major resource companies involving resource benefits.

Article 11 - Exclusivity and Non-Circumvention

11.1 The Parties shall work together on an exclusive basis in the performance of this MOU. The Parties agree not to directly or indirectly compete against or circumvent each other.

Article 12 - Term & Local Government Autonomy

12.1 Subject to the terms hereof, unless the term of this MOU is extended by written agreement of the parties, this MOU terminates on December 31st, 2016. A Party may terminate their participation in this MOU upon 90 days written notice to the other Parties, such written notice to be addressed to the signatories for the Parties as set out below.

12.2 Articles 9 and 11 shall survive termination of this MOU.

Article 13 - Commitment

13.1 It is hereby declared and agreed that no Party shall use the name of another Party or have any authority to bind another Party in any manner without the express written consent of that other Party.

Article 14 - Entire MOU

14.1 This MOU constitutes the entire agreement between the Parties and supersedes and cancels any prior agreements, understandings, undertakings, declarations and representations, written or oral, regarding the subject matter of this MOU.

Article 15 - Amendment & Addition of Party

15.1 This MOU may be amended or supplemented only by a written agreement signed by each Party.

15.2 If it is proposed to add a party or parties to this MOU under Article 15.1, the Parties will work together to develop and enact such further amendments as may reasonably be required consistent with the spirit and intent of this MOU, including without limitation amendments to Articles 2,5,7 and 8.

Article 16 - Applicable Law

16.1 This MOU is governed by the laws of British Columbia and Canada as applicable herein.

Article 17 - Dispute Resolution

17.1 The Parties agree that any dispute or controversy relating to the interpretation or implementation of any of the provisions of this MOU shall, in the first instance, be referred to the CAO Advisory Group who shall make best efforts to resolve such dispute or controversy through good faith friendly discussion and negotiation.

Article 18 - General Provisions

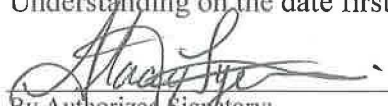
18.1 Each of the Parties will do such further acts and execute and deliver all such further documents in a timely fashion as are reasonably required from time to time in order to fully perform and carry out the terms and intent of this MOU.

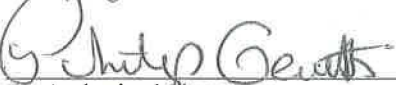
18.2 Any notice, document, or communication to be given under this MOU will be in writing and delivered by hand, faxed or emailed to the MOU signatory for the Party to which it is to be given and will be deemed received on the date sent.


18.3 Each party hereby represents that it has the authority to enter into this MOU and that the entering into of this MOU does not violate any agreement or understanding relating to such party.


18.4 This MOU may be executed in counterparts and be returned by fax or email with a PDF attachment, each of which when executed and delivered shall constitute an original, and all of which together shall constitute one and the same MOU.

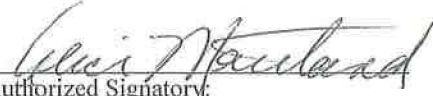
IN WITNESS WHEREOF the Parties hereto have hereunto executed this Memorandum of Understanding on the date first written above.

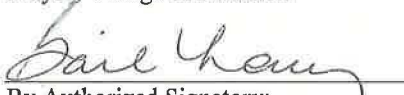

By Authorized Signatory:
Chair, Regional District of Kitimat-Stikine

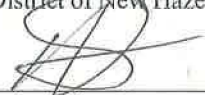

By Authorized Signatory:
Mayor, District of Kitimat


By Authorized Signatory:
Mayor, City of Terrace Carol Lector


By Authorized Signatory:
Mayor, District of Stewart


By Authorized Signatory:
Mayor, Village of Hazelton


By Authorized Signatory:
Mayor, District of New Hazelton



By Authorized Signatory:
RDKS Electoral Area "A" Director



By Authorized Signatory:
RDKS Electoral Area "B" Director



By Authorized Signatory:
RDKS Electoral Area "C" Director

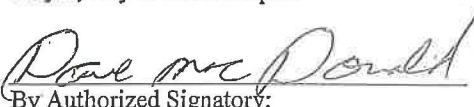

By Authorized Signatory:
RDKS Electoral Area "D" Director

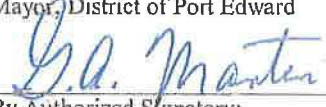

By Authorized Signatory:
RDKS Electoral Area "E" Director

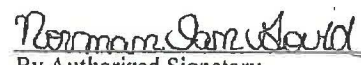

By Authorized Signatory:
RDKS Electoral Area "F" Director



By Authorized Signatory:
Chair, Regional District of Skeena-Queen Charlotte


By Authorized Signatory:
Mayor, City of Prince Rupert


By Authorized Signatory:
Mayor, District of Port Edward


By Authorized Signatory:
Mayor, Village of Queen Charlotte


By Authorized Signatory:
Mayor, Village of Port Clements

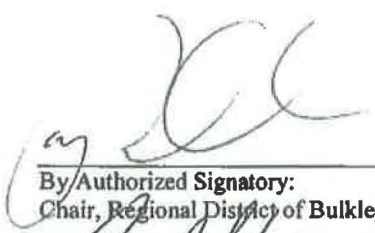

By Authorized Signatory: Andrew Merikes
Mayor, Village of Masset

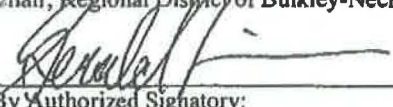

By Authorized Signatory:
SQCRD Electoral Area "A" Director

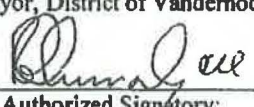

By Authorized Signatory:
SQCRD Electoral Area "C" Director



By Authorized Signatory:
SQCRD Electoral Area "D" Director

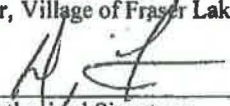

By Authorized Signatory:
SQCRD Electoral Area "E" Director

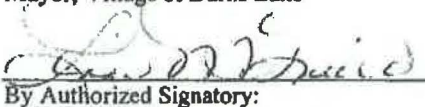

By Authorized Signatory:
Chair, Regional District of Bulkley-Nechako

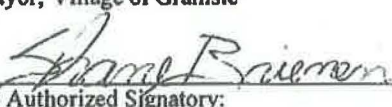

By Authorized Signatory:
Mayor, District of Vanderhoof

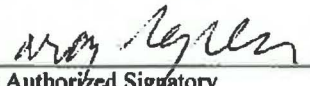

By Authorized Signatory:
Mayor, District of Fort Saint James



By Authorized Signatory:
Mayor, Village of Fraser Lake



By Authorized Signatory:
Mayor, Village of Burns Lake


By Authorized Signatory:
Mayor, Village of Granisle

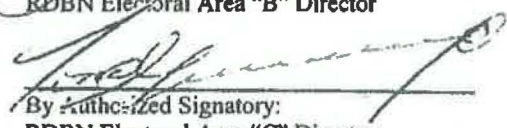

By Authorized Signatory:
Mayor, District of Houston


By Authorized Signatory:
Mayor, Village of Telkwa


By Authorized Signatory:
Mayor, Town of Smithers



By Authorized Signatory:
RDBN Electoral Area "A" Director


By Authorized Signatory:
RDBN Electoral Area "B" Director


By Authorized Signatory:
RDBN Electoral Area "C" Director


By Authorized Signatory:
RDBN Electoral Area "D" Director


By Authorized Signatory:
RDBN Electoral Area "E" Director


By Authorized Signatory:
RDBN Electoral Area "F" Director


By Authorized Signatory:
RDBN Electoral Area "G" Director



Northwest BC Resource Benefits Alliance

April 14, 2015

Memorandum of Understanding Appendix "A"

