

PARTNERING RELATIONSHIP AGREEMENT

THIS AGREEMENT is dated as of the 10TH day of January, 2017 (the "Effective Date")

BETWEEN:

DISTRICT OF HUDSON'S HOPE, a district municipality under the *Local Government Act*, and incorporated pursuant to the laws of the Province of British Columbia

("District")

AND:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY, a corporation constituted under the authority of the *Hydro and Power Authority Act*, R.S.B.C. 1996, c. 212, as amended

("BC Hydro")

WHEREAS:

- A. BC Hydro currently operates hydroelectric generation facilities in the Peace region of British Columbia at the Peace Canyon generating station and the Gordon M. Shrum generating station (collectively, the "**Peace Region Operations**").
- B. BC Hydro intends to construct and operate a dam and hydroelectric generating station on the Peace River, a reservoir (the "**Reservoir**"), and other components as described in Schedule A of the Environmental Assessment Certificate (the "**Site C Clean Energy Project**" or the "**Site C Project**").
- C. BC Hydro recognizes and values the historical, current and future importance of the District of Hudson's Hope as a community uniquely intertwined with the operation of its essential generating facilities in the Peace River region.
- D. In a process agreed to by the Parties, BC Hydro and the District have engaged in consultations to develop a shared vision of the contribution of the District of Hudson's Hope to BC Hydro operations, to explore means of establishing an effective, ongoing partnering relationship between BC Hydro and the District and to better understand the ongoing impacts of the Peace Region Operations on the District, the potential impacts of the Site C Project on the District and certain issues, interests and concerns raised by the District in relation to the Peace Region Operations and the Site C Project.
- E. BC Hydro and the District have agreed that the issues, interests and concerns raised by the District primarily in relation to the Site C Project, as well as issues raised with respect to the Peace River Operations, will be addressed by: (i) constructing and operating the Site C Project in accordance with its Authorizations and all applicable laws; (ii) implementing the measures set out in this Agreement; (iii) establishing an effective,

ongoing partnering relationship between BC Hydro and the District and (iv) conducting the Peace Region Operations in accordance with its Authorizations and all applicable laws.

- F. BC Hydro and the District share a joint vision of the District of Hudson's Hope as a sustainable and thriving community for the benefit of all, valued by BC Hydro and all community members, which:
- (a) attracts and retains skilled workers that meet the needs of BC Hydro and regional industry;
 - (b) provides a variety of housing options and supports appropriate development to meet demand;
 - (c) maintains local health services, including a local doctor;
 - (d) encourages community facilities and organizations that support healthy lifestyles and social connections; and
 - (e) supports and grows local service providers, such as small businesses and light industry.
- G. BC Hydro and the District wish to enter into certain legally binding obligations to each other with respect to certain measures to mitigate the impacts of the Site C Project, as well as with respect to issues raised by the District regarding the Peace Region Operations, through the implementation of the measures set out herein.

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements of the Parties contained in this, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions. Capitalized words or phrases not defined elsewhere in this Agreement have the following meanings:

- (a) **"Affected Components"** has the meaning specified in Section 5.1(a) of this Agreement;
- (b) **"Agreement"** means this Partnering Relationship Agreement, including its recitals and attached schedules;
- (c) **"Approving Officer"** means the District's independent and autonomous approving officer appointed by the District Council to consider subdivision approvals under the *Land Title Act*;
- (d) **"Atkinson Construction Manager"** means Omicron Canada Inc., or such other construction management firm as may be engaged by the District from time to time to provide development services in connection with the Atkinson Lands;

- (e) **"Atkinson Lands"** means those parcels of land owned by the District that are described in Schedule "A";
- (f) **"Atkinson Milestones"** means the key steps and deliverables in the redevelopment of the Atkinson Lands as set out in Schedule "D";
- (g) **"Atkinson Milestone Date"** means, in respect of each Atkinson Milestone, the date set out in Schedule "D" on or before which the Atkinson Milestone is to be delivered, completed or accomplished in accordance with this Agreement;
- (h) **"Atkinson Quality Assurance Team"** means a committee established by BC Hydro and the District to oversee the development of the Atkinson Lands, consisting of one member appointed by BC Hydro and two members appointed by the District;
- (i) **"Atkinson Subdivision and Servicing Costs"** means all amounts reasonably paid or incurred by the District (in its capacity as landowner) in connection with, without duplication (i) obtaining all approvals and authorizations required for the subdivision and development of the Atkinson Lands, including the preparation of a subdivision plan and subdivision application, including all related fees payable to the District (in its capacity as Regulatory Authority), (ii) the design, planning, construction, testing and final completion of sewer, water, drainage, roadways, boulevards, sidewalks, streetlights, curbs, and gutters required by the District (in its capacity as Regulatory Authority) in connection with the subdivision of the Atkinson Lands, (iii) any security required by the District (in its capacity as Regulatory Authority) in connection with any of the foregoing, (iv) all costs incurred to provide non-municipal utilities to the property line of the lots resulting from the subdivision of the Atkinson Lands, including but not limited to gas, telecommunications, electricity and cable; (v) any amounts paid as contributions toward the cost of improvements to off-site municipal services or infrastructure required by the Approving Officer of the District as a condition of approving the subdivision of the Atkinson Lands; and (vi) all other amounts reasonably paid or incurred to accomplish the subdivision and servicing of the Atkinson Lands in accordance with the Minimum Atkinson Requirements and this Agreement but in all cases specifically excluding the internal costs of either Party, including any costs incurred by the appointed members of the Atkinson Quality Assurance Team, which costs shall be to the account of the applicable Party;
- (j) **"Authorization"** means any right, tenure, permit, certificate, approval, licence, investigative use permit, temporary use permit, order or exemption or any other decision or action granted, issued, made or taken or to be granted, issued, made or taken by any governmental authority in connection with the Peace Region Operations and the Site C Project and any amendments or supplements to or replacements of the same, including, in respect of the Site C Project, the Environmental Assessment Certificate and the Decision Statement;
- (k) **"B.C. Environmental Assessment Act"** means the *Environmental Assessment Act*, S.B.C. 2002, c. 43, as amended;

- (l) **"BC Hydro Conditions"** has the meaning specified in Section 9.1;
- (m) **"BC Hydro Lots"** means ten of the lots resulting from the subdivision of the Atkinson Lands and deposit of the subdivision plan in the Land Title Office, selected and allocated to BC Hydro in accordance with Section 4.4(a), provided that BC Hydro may substitute different lots of substantially the same size and value in the event the subdivision layout is altered after the initial lots are allocated in accordance with Section 4.4(a);
- (n) **"Berm"** has the meaning specified in Section 5.1(a) of this Agreement;
- (o) **"Boundary Line"** means the line marked as the "stability impact line" on the map attached to this Agreement as Schedule "B";
- (p) **"Canadian Environmental Assessment Act"** means the *Canadian Environmental Assessment Act, 2012*, S.C. 2012, c. 19, s. 52, as amended;
- (q) **"Community Engagement Committee"** has the meaning specified in Section 2.1 of this Agreement;
- (r) **"Community Funds"** has the meaning specified in Section 3.1 of this Agreement;
- (s) **"Condition Fulfillment Date"** means January 31, 2017 or such other earlier or later date as may be agreed by the Parties in writing;
- (t) **"Construction Period"** means the period from the Construction Start Date to the Construction Stop Date;
- (u) **"Construction Start Date"** means July 27, 2015;
- (v) **"Construction Stop Date"** means the earlier of (i) the date on which the first of the six generating units that form part of the Site C Project is capable of continuously generating electricity in a manner that meets BC Hydro's system interconnection requirements, as those requirements are described in the BC Hydro document entitled "60kv to 500kv Technical Interconnection Requirements for Power Generators" and as that document may be updated, amended or replaced from time to time, which date shall be determined by BC Hydro in its sole discretion and communicated to the District in writing and (ii) the date BC Hydro delivers a notice to the District pursuant to Section 8.2;
- (w) **"Crown"** means Her Majesty the Queen in right of the province of British Columbia;
- (x) **"Decision Statement"** means in respect of the Site C Project the decision statement issued by the federal Minister of Environment under Section 54 of the *Canadian Environmental Assessment Act*;
- (y) **"Dispute"** has the meaning specified in Section 10.1 of this Agreement;

- (z) **"Dispute Notice"** has the meaning specified in Section 10.1 of this Agreement;
- (aa) **"District Conditions"** has the meaning specified in Section 9.2;
- (bb) **"Domestic Purpose"** means, for the purposes of this Agreement, a "domestic purpose" as that term is defined in the *Water Sustainability Act* as of the Effective Date;
- (cc) **"Draft Subdivision Plan"** means a conceptual subdivision plan for the Atkinson Lands with a minimum of 25 and a maximum of 33 subdivided lots prepared and delivered by BC Hydro prior to the signing of this Agreement and approved by BC Hydro and the District (in its capacity as landowner), each acting at its sole discretion;
- (dd) **"Effective Date"** has the meaning specified on the first page of this Agreement;
- (ee) **"EIS"** means the Site C Clean Energy Project Environmental Impact Statement dated January 23, 2013, as amended;
- (ff) **"Eligible Community Purposes"** has the meaning specified in Section 3.2 of this Agreement;
- (gg) **"Environmental Assessment"** means the environmental assessment of the Site C Project conducted pursuant to the *Canadian Environmental Assessment Act* and the B.C. *Environmental Assessment Act*, and carried out in accordance with the "Agreement to Conduct a Cooperative Environmental Assessment, Including the Establishment of a Joint Review Panel, of the Site C Clean Energy Project" dated February 8, 2012, as amended in August 2012;
- (hh) **"Environmental Assessment Certificate"** means Environmental Assessment Certificate #E14-02 dated October 14, 2014 issued in relation to the Site C Project by the British Columbia Ministers of Environment and of Forest, Lands and Natural Resource Operations under Section 17(3) of the B.C. *Environmental Assessment Act*;
- (ii) **"Escrow Agent"** means the law firm mutually acceptable to the Parties that has agreed to enter into the Escrow Agreement;
- (jj) **"Escrow Agreement"** means the escrow agreement to be entered into between BC Hydro, the District and the Escrow Agent substantially on the terms set out in Schedule "E";
- (kk) **"Factual Disagreement"** has the meaning specified in Section 10.4 of this Agreement;
- (ll) **"Industrial Purpose"** means, for the purposes of this Agreement, the following uses prescribed as uses of water for industrial purposes as of the Effective Date pursuant to the *Water Sustainability Act*, as described in Schedule A of the *Water Sustainability Regulation*: "camps and public facilities", "commercial enterprise",

“lawn, fairway and garden”, “swimming pool” and “waste management” (but only in respect of the District’s waste management facilities);

- (mm) **“Longstop Date”** means December 31, 2018, or such later or earlier date as may be agreed in writing by the Parties;
- (nn) **“Minimum Atkinson Requirements”** means (i) maximum of 33 developed lots to ensure a reasonable lot site; (ii) the subdivision plan to include a range of lots values from low, medium to high (\$40K to \$60K) based on varied size, layout, location; (iii) servicing completed throughout the neighbourhood to include water, sewer, power to each individual lot property line; (iv) demonstration home lot to be visible from a public road; and (v) road paving of entrance and main road;
- (oo) **“MoTI”** means the British Columbia ministry of Transportation and Infrastructure;
- (pp) **“Other Measures”** means any of the measures in respect of the Site C Project that are implemented by BC Hydro in order to comply with the Environmental Assessment Certificate, the Decision Statement or other Authorization, or any conditions imposed pursuant to any of the foregoing, or to comply with any applicable law;
- (qq) **“Peace Region Operations”** has the meaning specified in paragraph A. of the preamble of this Agreement;
- (rr) **“Permitted Water Use Purposes”** means the use of water by residents of the District of Hudson’s Hope for a Domestic Purpose and the use of water within the District of Hudson’s Hope for an Industrial Purpose, but in all cases expressly excluding the use of water for bulk and industrial sales;
- (ss) **“Party”** means BC Hydro or the District;
- (tt) **“Purchase Agreement”** means a purchase and sale agreement to be entered into between BC Hydro and the District in respect of the BC Hydro Lots pursuant to Section 4.4(b), substantially on the terms set out in Schedule “F”;
- (uu) **“Purchase Price”** means, in respect of each BC Hydro Lot, an amount equal to the product of \$500,000 multiplied by a fraction, the denominator of which is the aggregate area of all of the BC Hydro Lots and the numerator of which is the area of that BC Hydro Lot, each measured in square feet, rounded to the nearest dollar;
- (vv) **“Regulatory Authority”** has the meaning specified in Section 4.7(a)(ii) of this Agreement;
- (ww) **“Replacement System”** has the meaning specified in Section 5.3(a)(ii) of this Agreement;
- (xx) **“Reservoir”** has the meaning specified in paragraph B of the preamble to this Agreement;

- (yy) **"Reservoir Impact Study"** has the meaning specified in Section 5.11(a) of this Agreement;
- (zz) **"Reservoir SRW"** has the meaning specified in Section 5.11(a) of this Agreement;
- (aaa) **"Responsible Party"** means, in respect of each Atkinson Milestone, the Party or Parties which are identified in Schedule "D" as having responsibility for delivering, completing or accomplishing that Atkinson Milestone;
- (bbb) **"Rules"** has the meaning specified in Section 10.6 of this Agreement;
- (ccc) **"Section 219 Covenant"** has the meaning specified in Section 4.6(c);
- (ddd) **"Section 35(1) Rights"** means in respect of any aboriginal peoples, the asserted aboriginal or treaty rights of those aboriginal peoples under Section 35(1) of the *Constitution Act, 1982* (Canada);
- (eee) **"Shoreline Protection Works"** means the Hudson's Hope Shoreline Protection described in s. 4.4.4.3 of the EIS;
- (fff) **"Site C Clean Energy Project"** has the meaning specified in paragraph B of the preamble to this Agreement;
- (ggg) **"Site C Community Measures"** means the measures set out in Article 5 of this Agreement;
- (hhh) **"Site C Project"** and **"Site C Clean Energy Project"** have the meaning specified in paragraph B of the preamble to this Agreement;
- (iii) **"Subdivision Bylaw"** means the District's *Subdivision and Development Servicing Bylaw No. 848, 2015*, as amended from time to time.
- (jjj) **"Suspension"** has the meaning specified in Section 8.3 of this Agreement;
- (klkl) **"Suspension Start Date"** has the meaning specified in Section 8.3(a) of this Agreement;
- (lll) **"Suspension Stop Date"** has the meaning specified in Section 8.3(b) of this Agreement;
- (mmm) **"Water Sustainability Act"** means the *Water Sustainability Act*, S.B.C. 2014, c. 15, as amended; and
- (nnn) **"Water System"** has the meaning specified in Section 5.1(a) of this Agreement;

1.2 Interpretation. In this Agreement:

- (a) if a word or phrase is defined, then its other grammatical forms will have a corresponding meaning, the singular may include the plural and conversely, and a reference to any gender includes all genders;
- (b) the words "include", "includes" and "including" are to be read as if followed by the words "without limitation";
- (c) headings are for convenience only and do not form part of this Agreement nor affect its interpretation;
- (d) if the time for doing an act required to be done under this Agreement falls or expires on a day that is not a business day, the time is extended to the end of the next business day;
- (e) the language in this Agreement expresses the mutual intent of the Parties and no rule of strict construction shall be applied against either Party;
- (f) except as expressly stated herein, where a reference is made to the Parties agreeing, consulting with one other, discussing, working together collaboratively on, or jointly developing any document, plan or thing, or any other similar phrase, the Parties will work diligently and in good faith to attempt to reach agreement without undue delay, provided that, for greater certainty, the Parties are not required to reach final agreement in respect of such document, plan or thing provided that the Parties have acted reasonably, in good faith and without undue delay in seeking such agreement;
- (g) where BC Hydro is required to make a payment under this Agreement, the amount specified is inclusive of all taxes that may be also be payable in respect of such payment;
- (h) where BC Hydro is required under this Agreement to implement a measure, BC Hydro will implement that measure or will cause its contractors to do so;
- (i) where a reference is made to a statute, then the reference includes any regulations related to the statute and, except where the contrary is expressly stated herein, references to statutes or regulations include all amendments thereto and any statutes or regulations that replace, amend, or supersede the same;
- (j) a reference to a "partnering relationship" is a reference to a collaborative, cooperative and mutually beneficial relationship between persons and a reference to "partners" is a reference to persons who are in a partnering relationship with one another. The Parties expressly disclaim any intent to create a legal partnership through this Agreement; and
- (k) at any time after the Construction Period, a reference to the "Peace Region Operations" shall be deemed to include the dam, hydroelectric generating station,

Reservoir and Shoreline Protection Works constructed in connection with the Site C Project but shall exclude related transmission assets.

1.3 BC Hydro's obligations to perform any action contemplated in this Agreement or implement any Site C Community Measure are subject to:

- (a) the Environmental Assessment Certificate, the Decision Statement, and other Authorization, and any conditions imposed pursuant to any of the foregoing;
- (b) BC Hydro's obligations:
 - (i) as Crown agent to consult any First Nation or other aboriginal group potentially affected in respect of its Section 35(1) Rights by the Peace Region Operations, the Site C Project or any actions or decisions of BC Hydro or the Crown contemplated in this Agreement; and
 - (ii) under any accommodation measures proposed or agreed between BC Hydro or the Crown and any First Nation or other aboriginal group affected in respect of its Section 35(1) Rights by the Peace Region Operations, the Site C Project or any actions or decisions of BC Hydro or the Crown contemplated in this Agreement; and
- (c) any other applicable law.

1.4 The following Schedules are attached to and form part of this Agreement:

- (a) Schedule "A" - Atkinson Lands
- (b) Schedule "B" - Impact Line Map
- (c) Schedule "C" - Community Engagement Committee Terms of Reference
- (d) Schedule "D" - Atkinson Milestones
- (e) Schedule "E" - Escrow Agreement Term Sheet
- (f) Schedule "F" - Purchase and Sale Agreement Term Sheet

1.5 Unless otherwise expressly stated herein, if there is any inconsistency between the terms contained in the body of this Agreement and the terms contained in any of its Schedules, then the terms contained in the body shall govern the interpretation of this Agreement to the extent required to remove the inconsistency.

ARTICLE 2 COMMUNITY ENGAGEMENT COMMITTEE

2.1 The Parties will establish a committee (the "Community Engagement Committee") to facilitate an effective, ongoing partnering relationship between the Parties by providing a

forum for transparent communications and the coordination of efforts and resources based on collaboration, cooperation and mutual respect.

- 2.2 The Community Engagement Committee will operate during the term of this Agreement and will:
- (a) be the primary interface between the Parties with respect to the Peace Region Operations, the Site C Project and the implementation of the measures contained in this Agreement;
 - (b) provide a forum for regular communication and information exchange between the Parties, for effective management of the Community Engagement Committee's duties and for the early resolution of any issues that might arise in the ongoing partnering relationship between the Parties; and
 - (c) facilitate matters between the Parties and the actions and decisions contemplated in this Agreement, including the dispute resolution process as provided for in Article 10.
- 2.3 The Parties agree to the terms of reference for the Community Engagement Committee in the form attached to this Agreement as Schedule "C".
- 2.4 The Community Engagement Committee will have a total of six (6) representatives consisting of three (3) regular representatives from each Party. The representatives of the District will include the Chief Administrative Officer and members of the District's municipal council or staff, as appropriate, or their respective delegates. The representatives of BC Hydro will include a senior management representative who is engaged in the Peace Region Operations, a senior management representative of the Site C Project (but only during the Construction Period) and other BC Hydro staff, as appropriate, or their respective delegates. A Party may change its appointed representatives by written notice to the other Party from time to time subject to each Party providing reasonable continuity of its representatives.
- 2.5 The Community Engagement Committee may invite others to attend and participate in its meetings, as it considers necessary or desirable, to act as a resource to the Community Engagement Committee by providing information and feedback.
- 2.6 The Community Engagement Committee is empowered to act in its reasonable judgment in carrying out its duties. The Community Engagement Committee may not render any decision or require of the Parties any acts or procedures that are not specifically provided for in this Agreement except by express agreement of the Parties
- 2.7 Each Party shall bear any costs for its representatives to travel to participate in meetings of the Community Engagement Committee, will provide in-kind meeting facilities as and when available and will each pay half of any other costs in connection with meetings of the Community Engagement Committee.

ARTICLE 3 COMMUNITY TRUST FUND

- 3.1 Within 90 days of the Condition Fulfillment Date, BC Hydro will make a one-time payment to the District in the amount of \$268,000 (the "**Community Funds**").
- 3.2 The District will hold and must use the Community Funds as a contribution toward costs that may be incurred by it after the Effective Date for purposes of constructing, upgrading, undertaking or improving identifiable community projects, facilities and infrastructure including in connection with the development of an industrial park in the District of Hudson's Hope, supporting community development activities and recreation facilities and programs (the "**Eligible Community Purposes**").
- 3.3 The District will designate the Community Funds within its accounts as a separate fund and will, acting at its sole discretion, allocate and must use such funds toward expenditures incurred or to be incurred by the District after the Effective Date for Eligible Community Purposes.
- 3.4 The District agrees:
- (a) to only use the Community Funds for Eligible Community Purposes;
 - (b) to provide regular reports to the Community Engagement Committee with information about the community projects, facilities and infrastructure supported by the Community Funds, an accounting of the Community Funds expended since the previous report, and any proposals under consideration by the District in respect of the future use of the Community Funds; and
 - (c) to publicly acknowledge BC Hydro's support in its communications to the community relating to any of the community projects, facilities and infrastructure that is supported by the Community Funds, provided however that nothing in this Section 3.4(c) requires the District to erect or emplace signage in order to communicate such support to the community.

ARTICLE 4 ATKINSON NEIGHBOURHOOD DEVELOPMENT

- 4.1 Purpose
- (a) BC Hydro and the District agree to work together collaboratively and in good faith, in accordance with the terms of this Agreement, to develop the Atkinson Lands for the purposes of increasing the housing options available to BC Hydro's employees located in the region and generating additional revenues for the District through land sales and an increased tax base.
- 4.2 Financing for Atkinson Neighbourhood Development
- (a) Within 15 days of the Condition Fulfillment Date, BC Hydro will make a one-time payment to the Escrow Agent in the amount of \$1,700,000 (the "**Atkinson**").

Funds”), which amount shall be held by the Escrow Agent and shall be disbursed by the Escrow Agent to pay properly incurred Atkinson Subdivision and Servicing Costs, at the joint direction of the Atkinson Construction Manager and the Atkinson Quality Assurance Team, subject to the terms and conditions of this Article 4 and the Escrow Agreement.

- (b) The Parties acknowledge and agree that other than the Atkinson Funds and the purchase price paid in connection with the BC Hydro Lots, BC Hydro is under no obligation to contribute any additional funds toward the Atkinson Subdivision and Servicing Costs.

4.3 Subdivision & Redevelopment Process

- (a) Within 15 days of the Condition Fulfillment Date, the District will engage the Atkinson Construction Manager to undertake all aspects of the subdivision and servicing of the Atkinson Lands as contemplated in this Article 4, provided that the terms and conditions of any agreement between the District and the Atkinson Construction Manager, or any amendment thereof, or change orders issued thereunder, shall be approved in advance by the Atkinson Quality Assurance Team.
- (b) BC Hydro and the District, acting in good faith, will take or cause to be taken all commercially reasonable steps required to complete each Atkinson Milestone for which it is a Responsible Party, on or before the applicable Atkinson Milestone Date. The Parties agree that the District (in its capacity as landowner) will not deposit the final subdivision plan until servicing of the Atkinson Lands is complete.
- (c) The District and BC Hydro agree that if at any time the Atkinson Quality Assurance Team anticipates that the Atkinson Subdivision and Servicing Costs will or may exceed in aggregate the sum of the Atkinson Funding and the Purchase Price for the BC Hydro Lots, then the Atkinson Quality Assurance Team will work with the Atkinson Construction Manager to propose adjustments to the scope of the subdivision and servicing works for the Atkinson Lands to reduce the Atkinson Subdivision and Servicing Costs as needed to avoid exceeding the available funds, taking into account the Minimum Atkinson Requirements and at all times complying with the specifications and standards or other terms or conditions prescribed by the Subdivision Bylaw. If an adjustment will result in a contravention of the bylaw, the District (in its capacity as landowner) shall apply to the District Council for a development variance permit (“DVP”) to vary or supplement the terms or conditions of the bylaw as may be required to effect any resulting changes in scope proposed by the Atkinson Quality Assurance Team. If such amendments are approved by the District (in its capacity as Regulatory Authority) then the District (in its capacity as landowner) will consent to or issue or agree to any change orders to or by the Atkinson Construction Manager, as required within the adjusted scope.

- (d) If BC Hydro or the District reasonably anticipates that any Atkinson Milestone for which it is a Responsible Party will not be completed on or before the applicable Atkinson Milestone Date, then it will notify the other Party in writing. In the event of any delay, the Atkinson Quality Assurance Team in collaboration with the Atkinson Construction Manager will adjust the remaining Atkinson Milestone Dates as needed to ensure the timely completion of the subdivision and servicing of the Atkinson Lands, and the Parties will agree to amend Schedule "D" accordingly.
- (e) If the subdivision and servicing of the BC Hydro Lots is not complete on or before the Longstop Date then either Party may, by written notice delivered to the other Party and to the Escrow Agent, terminate all of the remaining obligations of the Parties under this Article 4, and any agreements delivered pursuant to this Article 4, and upon receipt of such termination notice the Escrow Agent shall distribute any Atkinson Funds remaining in escrow as of the Longstop Date to BC Hydro.
- (f) Subject to this Agreement, the District will consider the advice of the Atkinson Quality Assurance Team and will supervise and instruct the Atkinson Construction Manager.

4.4 Purchase and Sale of BC Hydro Lots

- (a) As soon as reasonably practicable following the approval of the Draft Subdivision Plan, and in any event no later than March 15, 2017, the Atkinson Quality Assurance Team shall propose certain lots as the BC Hydro Lots, which lots shall be selected from the lots that would result from the subdivision of the Atkinson Lands in accordance with the Draft Subdivision Plan taking into account the Minimum Atkinson Requirements. The final selection of the BC Hydro Lots shall be subject to approval from BC Hydro acting reasonably.
- (b) Subject to BC Hydro and the District agreeing on the selection of the BC Hydro Lots in accordance with Section 4.4(a), the Parties will execute and deliver the Purchase Agreement on or before March 15, 2017, pursuant to which BC Hydro will purchase the BC Hydro Lots for an aggregate Purchase Price of \$500,000, in accordance with the terms and conditions set forth in Schedule "F".
- (c) The District agrees to apply the proceeds from the sale of BC Hydro Lots to pay properly incurred Atkinson Subdivision and Servicing Costs to the extent such costs exceed the Atkinson Funds.

4.5 Atkinson Development Quality Assurance Team

- (a) The District will cause the Atkinson Construction Manager to provide regular reports to the Atkinson Quality Assurance Team in respect of all matters related to the subdivision and servicing of the Atkinson Lands.
- (b) The Atkinson Quality Assurance Team will seek to make decisions by consensus of the appointed members but such decision will be put to a vote of all members if consensus is not possible within a reasonable period to ensure timelines are met.
- (c) Each Party may from time to time replace any of its appointed members of the Atkinson Quality Assurance Team by written notice to the other Party.

4.6 Additional Obligations

- (a) The District agrees that it may not offer or agree to sell any lot resulting from the subdivision of the Atkinson Lands before the completion date of the sale of the BC Hydro Lots to BC Hydro.
- (b) The District agrees to employ a phased sale and marketing strategy in connection with the sale of its lots created from the subdivision of the Atkinson Lands on such terms as may be reasonably agreed to between the Parties. The parties acknowledge and agree that the intent of this section is for the lots retained by the District to be sold gradually over a period of five years from the Effective Date.
- (c) The District agrees to enter into a covenant under Section 219 of the Land Title Act (British Columbia) in favour of BC Hydro (the "Section 219 Covenant") or other encumbrance to be registered in the Land Title Office in respect of the Atkinson Lands concurrently upon subdivision of the Atkinson Lands which provides that the lots cannot be built upon without the prior written consent of BC Hydro. BC Hydro agrees to discharge the Section 219 Covenant in respect each lot resulting from the subdivision of the Atkinson Lands prior to sale, provided that such lot is sold or offered for sale by the District in accordance with Section 4.6(a) and in accordance with any phased sale and marketing strategy agreed to between the Parties pursuant to Section 4.6(b).
- (d) BC Hydro will take commercially reasonable steps to:
 - (i) design and construct, at its sole cost, a demonstration home on a BC Hydro Lot that is visible from a public road, within 18 months of the date the purchase and sale of the BC Hydro Lots is completed;
 - (ii) maintain the demonstration home, at its sole cost, for the reasonable life of the home;
 - (iii) make the demonstration home available, during the reasonable life of the home, for the purpose of providing housing to attract doctors or other

community service professionals to practice within the District of Hudson's Hope.

- (e) From and after the Condition Fulfillment Date, BC Hydro shall be entitled to enter onto the Atkinson Lands and carry out such tests and inspections as BC Hydro deems necessary. BC Hydro will indemnify and save harmless the District and the District's personnel in respect of any and all claims that any person or legal entity may in any way make, commence, advance, pursue or obtain against the District or any District personnel or which the District or any District personnel may suffer or incur in relation to or in any way connected to (i) any personal injury, property loss or damage or death suffered by any BC Hydro employees or contractors entering onto the Atkinson Lands; and (ii) any damage to the Atkinson Lands.

4.7 No Fettering

- (a) In this Article 4:
 - (i) Except where the contrary is expressly indicated, the expression "the District" refers to the District of Hudson's Hope in its commercial capacity, including as the owner of the Atkinson Lands; and
 - (ii) the expression "Regulatory Authority" refers to the District of Hudson's Hope in its legislative, statutory decision-making or quasi-judicial capacity, including its role in relation to approvals and zoning and includes, as applicable, the Approving Officer of the District of Hudson's Hope in the exercise of his or her statutory authority.
- (b) BC Hydro and the District acknowledge and agree that:
 - (i) nothing contained in this Article 4 will be construed as fettering in any way the discretion of the District of Hudson's Hope in its capacity as Regulatory Authority, and any other District official or employee exercising a function conferred by statute or delegated by the Regulatory Authority;
 - (ii) nothing contained in this Article 4 will be construed as limiting or prejudicing the rights and powers of the Regulatory Authority, in the exercise of any right or power under any public or private statutes, bylaws, orders or regulations; and
 - (iii) no action or decision not to act on the part of the Regulatory Authority will constitute a breach of this Agreement, or of any other agreement delivered pursuant to this Agreement.

ARTICLE 5 SITE C COMMUNITY MEASURES

5.1 Water Supply Infrastructure

- (a) Certain water intake and pumping station components (the “**Affected Components**”) of the District’s municipal water supply system (the “**Water System**”) will be adversely affected by the construction of the berm component of the Shoreline Protection Works (the “**Berm**”) and the filling of the Reservoir.
- (b) For certainty, the Water System is comprised of the Affected Components and other components, including the District’s water treatment plant.
- (c) BC Hydro agrees that it will reconstruct or relocate each of the Affected Components as required to maintain the functionality of the District’s Water System to substantially the same standard and capacity in existence as of the Effective Date:
 - (i) by no later than the completion of construction of the Berm;
 - (ii) at an elevation directly, more or less, above the current location;
 - (iii) using a design that takes into account continued safe water supply for the District while components are reconstructed or relocated.
- (d) Prior to the commencement of final design and procurement for the Berm, BC Hydro will prepare a design to relocate and/or reconstruct the Affected Components. At standard design stages during design and the relocation and/or reconstruction of the Affected Components, BC Hydro will consult with an appropriately qualified engineering consultant retained by the District to ensure the design and the relocation and/or reconstruction take into account the District’s reasonable Water System requirements and the Berm design and construction. The standard stages shall include at minimum feasibility design, preliminary design, detailed design and the contractor’s construction plan. BC Hydro will compensate the District for the reasonable amounts paid by the District to the engineering consultant. Final detailed design will be subject to approval of the District acting reasonably, and BC Hydro will then implement the relocation and/or reconstruction of Affected Components at its cost in accordance with the detailed design.
- (e) Prior to the detailed design stage, BC Hydro and the District will enter into good faith negotiations in an effort to reach an agreement with respect to:
 - (i) the reasonable and necessary terms of a statutory right of way, *Land Title Act* Section 219 Covenant or other rights over the lands encompassing the Berm to be granted by BC Hydro to the District in order to accommodate the Affected Components after relocation or reconstruction;

- (ii) any further rights to access the lands encompassing the Berm required by the District for purposes of ongoing maintenance of the Water System;
 - (iii) ownership of any of the Affected Components by the District that may be located within the lands encompassing the Berm;
 - (iv) protocols for ongoing maintenance and decision-making by the District in respect of future upgrades of the Affected Components located within the lands encompassing the Berm.
- (f) In advance of the process set out at Section 5.1(d), BC Hydro will provide to the District a reasonable, scientifically based prediction of the conditions of the Reservoir relevant for the design of the relocated and/or reconstructed Water System. These predictions will be taken into account in the final design and construction of relocated and/or reconstructed components.
- (g) The District, pursuant to its responsibility to manage and plan for existing infrastructure, may undertake a technical study of the Water System infrastructure prior to the implementation of measures described above to address the Affected Components. The parties agree that if such a technical study is undertaken, then such study will take into account the plan for the Berm construction and the construction and relocation of the Affected Components. The District will provide BC Hydro the opportunity to review and comment upon the proposed terms of references for the technical study. BC Hydro will pay \$10,000 of the costs of the technical study provided it includes consideration of the Berm construction and the construction and relocation of the Affected Components. For greater certainty, such payment shall be distinct from payment made by BC Hydro to the District pursuant to Section 5.1(d).

5.2 Water Quality

- (a) If, before, during or after the filling of the Reservoir, performance of the Water System, including, for certainty, the District's water treatment plant, is reasonably and reliably demonstrated to be below that planned for during the design phase, and to the extent that any such difference in performance is caused or contributed to by Reservoir conditions that are materially different than the predicted conditions provided by BC Hydro and used for design pursuant to Section 5.1(f), BC Hydro and the District will discuss reasonable mitigation options and BC Hydro will pay the reasonable costs of implementing the agreed mitigation option. For greater certainty, the mitigation options contemplated in this Section 5.2(a) are alterations or additions to, or changes in the operations of the Water System only and will not relate to the operation of any of the Peace Region Operations nor to the construction and operation of the Site C Project.

5.3 Waste Water System

- (a) The Parties acknowledge that:

- (i) the District's existing waste water system is currently a lagoon system located on the north bank of the Peace River; and
 - (ii) the District intends to construct a replacement system for the existing waste water system (the "**Replacement System**").
- (b) The Parties agree that the Replacement System shall be located no closer to the Reservoir than the Boundary Line.
- (c) If the District intends to commence the construction of the Replacement System prior to the filling of the Reservoir:
 - (i) it will provide BC Hydro with advance written notice of its intention to do so;
 - (ii) BC Hydro will provide to the District an estimate of the expected Reservoir operating range, Reservoir water level and water velocity conditions in the vicinity of the Replacement System after the filling of the Reservoir;
 - (iii) the District will take into account BC Hydro's estimates of the expected conditions after the filling of the Reservoir in the final design of the Replacement System;
 - (iv) the District will, as part of the final design and construction of the Replacement System, include a minimum of 4 monitoring sites with 4 wells which will be placed to allow for the collection of monitoring data suitable to determine if the Replacement System experiences any deterioration of performance and whether or not such deterioration is caused or contributed to by the Site C Project;
 - (v) prior to installation of the monitoring sites and wells, the District will provide BC Hydro with an opportunity to review the location of the monitoring sites and wells and will consider any feedback provided by BC Hydro prior to finalising the placement of the monitoring sites and wells;
 - (vi) the District will obtain the data from the monitoring sites as part of the District's normal operations at its sole cost and will share all such data with BC Hydro;
 - (vii) BC Hydro may, at its sole discretion and at its sole cost, elect to install additional monitoring sites in the vicinity of the existing waste water system or the Replacement System. If the additional locations are on property owned by the District, it will not unreasonably withhold permission for BC Hydro to install and operate such monitoring sites. BC Hydro will obtain the data from the monitoring sites as part of BC Hydro's operations at its sole cost and will share all such data with the District; and

- (viii) if any deterioration in the performance of the exfiltration of the Replacement System is observed by either Party, and such deterioration is caused or contributed to by the Site C Project, BC Hydro and the District will discuss and in good faith seek to agree upon reasonable mitigation measures and, to the extent such deterioration is caused or contributed to by the Site C Project, BC Hydro will pay the reasonable costs of implementing any agreed mitigation measure.
- (d) If by October 1, 2019, the District has not given notice to BC Hydro pursuant to Section 5.3(c)(i) of its intention to commence construction of the Replacement System prior to the filling of the Reservoir, then:
 - (i) BC Hydro will develop a monitoring program at its sole cost which will include the installation of monitoring wells to provide the baseline system performance data and will provide all data collected to the District. If monitoring locations are on District owned land, the District will not unreasonably withhold permission from BC Hydro to install and operate monitoring facilities. BC Hydro will provide the draft monitoring program for the District to review. Monitoring well installation will take place no later than three years prior to the filling of the Reservoir;
 - (ii) BC Hydro will provide the District with all data obtained from other monitoring wells in the vicinity of the existing waste water system during construction of the Site C Project and during the first five years after the filling of the Reservoir;
 - (iii) if deterioration of performance of the exfiltration of the existing waste water system is observed by either Party, and such deterioration is caused or contributed to by the Site C Project, BC Hydro and the District will discuss and in good faith seek to agree upon reasonable mitigation options and, to the extent such deterioration is caused or contributed to by the Site C Project, BC Hydro will pay the reasonable costs of implementing the agreed mitigation option.
- (e) The District acknowledges and agrees that the District will inform itself and will take account of the permitted operations of the Reservoir and existing conditions in the design and construction of the Replacement System if it undertakes the construction of the Replacement System after the filling of the Reservoir. BC Hydro will, from time to time, at the reasonable request of the District, provide to the District such information in respect the permitted operations of the Reservoir as may be reasonably required for the design and construction of the Replacement System.
- (f) Other than as expressly provided for in this Section 5.3, BC Hydro is not liable for and is not obligated to take any action or pay any amounts in relation to any impact that the filling or operation of the Reservoir may have on the existing waste water system or on the Replacement System. For certainty, the Parties acknowledge and agree that this Section 5.3 satisfy BC Hydro's obligations

pursuant to Condition #47 of the Environmental Assessment Certificate with respect to the existing waste water system.

5.4 Road Rescue Services

- (a) Within 3 months of the Effective Date, BC Hydro will make a one-time payment to the District in the amount of \$20,000 to be used by the District as a contribution toward the District's fire and road rescue programs for the purpose of supporting the provision of road rescue services in the community of Hudson's Hope during the Construction Period.
- (b) The District will report through the Community Engagement Committee on the use of the funds provided by BC Hydro pursuant to Section 5.4(a), and will acknowledge BC Hydro's support of fire and road rescue services in District communications.

5.5 DA Thomas Road Boat Launch

- (a) BC Hydro will:
 - (i) by 2024, at its sole cost, construct and install facilities for a new small craft launch and day use facility to be located in the vicinity of the foot of DA Thomas Road together with an adjacent day use site, such facilities to be appropriate for the purpose of launching boats for recreational use in the Reservoir given the space available at that location. BC Hydro will provide the District with an opportunity to review the specifications for these facilities and provide feedback and will take the feedback into account in the final design of the facilities; and
 - (ii) within one year following completion of the Shoreline Protection Works, at its sole cost repair portions of the existing walking trail to the community of Hudson's Hope from the small craft launch impacted by Shoreline Protection Works and re-establish an all-season looping trail connecting to the existing trail from the day use site. BC Hydro will work with the District to determine ownership of the impacted portions of the walking trail from the new small craft launch to the community of Hudson's Hope. For certainty, BC Hydro will not pay for the costs of acquiring any property rights that may be required for such a trail.
- (b) The new small craft launch and the adjacent day use site will be owned and maintained by BC Hydro, and will be operated on a seasonal basis, all in accordance with BC Hydro's standards for the operation of recreational facilities located on its reservoirs. BC Hydro will ensure that the seasonal operation, including any seasonal closure, of the launch and day use site does not interrupt the access to the trail connecting to the community of Hudson's Hope.
- (c) The trail between the boat launch area and the community of Hudson's Hope will be owned or permitted, and maintained, by the District.

- (d) From the Effective Date until the commencement of construction of the new small craft launch, BC Hydro will provide information to the District at reasonable intervals in respect of BC Hydro's intended construction timetable and for alternative access to the Peace River for the period the new small craft launch is under construction.

5.6 Alwin Holland Park

- (a) No later than 12 months prior to the commencement of filling of the Reservoir, BC Hydro will make a one-time payment to the District in the amount of \$150,000 to be used by the District as a funding contribution toward enhancements to Alwin Holland Park and other community shoreline recreation areas undertaken by the District.
- (b) The District will use the funds for the purposes of enhancements to community shoreline recreation facilities within the District.
- (c) The District will report through the Community Engagement Committee on the use of the funds provided by BC Hydro pursuant to Section 5.6(a) and will acknowledge BC Hydro's support of the enhanced community shoreline recreation facilities in District communications.

5.7 DA Thomas Road Construction, Clarke Avenue Restoration

- (a) BC Hydro will:
 - (i) at its sole cost prior to the construction of the Shoreline Protection Works, upgrade DA Thomas Road to the standard necessary to carry construction-related traffic and, upon completion of construction of the Shoreline Protection Works, restore DA Thomas Road to the upgraded state, subject to normal wear-and-tear determined by application of the MoTI rural standard on the basis of a pavement condition survey; and
 - (ii) after the completion of the construction of the Shoreline Protection Works, at its sole cost restore Clarke Avenue to substantially the same condition, based on a pavement condition survey, as it was as of Construction Start Date; in order to establish the condition as of the Construction Start Date, BC Hydro will pay for a pavement condition survey to be conducted by an appropriately qualified expert within a reasonable period of time of the Construction Start Date, such date to be determined by the expert.

5.8 Change in Land Use Payment

- (a) Within 12 months after the filling of the Reservoir, BC Hydro will make a onetime payment to the District in the amount of \$442,000 in settlement of the District's claim for alleged losses to the District resulting from BC Hydro's current and future ownership of lands within the District of Hudson's Hope in connection with the Site C Project. The Parties agree that this amount is inclusive

of the amount BC Hydro is required to pay pursuant to Condition #50 of the Environmental Assessment Certificate.

5.9 Contribution to Community Planning

- (a) Within 3 months of the Effective Date, BC Hydro shall pay the District \$80,000 as a contribution toward community planning activities undertaken by the District for the purpose of updating its community plans to reflect the construction and operation of the Site C Project.
- (b) The District will report through the Community Engagement Committee on the use of the funds provided by BC Hydro pursuant to Section 5.9(a), and will acknowledge BC Hydro's support of community planning activities in District communications.

5.10 Future Water Supply Needs

- (a) If the District intends to apply for a conditional or final water licence to be issued to the District that would allow it to use water from the Reservoir for one or more of the Permitted Water Use Purposes, then the District will deliver a written notice of its intent to BC Hydro together with a specific proposal for such water withdrawals.
- (b) After receiving a notice pursuant to Section 5.10(a), BC Hydro will conduct a due diligence review in respect of the specific proposal received from the District, consistent with its review of similar applications from third parties.
- (c) BC Hydro will support the issuance of a conditional or final water licence to the District that would allow it to use water from the Reservoir for Permitted Water Use Purposes, subject to the following:
 - (i) BC Hydro, acting at its sole discretion, has reached a favourable conclusion in respect of the District's proposal after completing its due diligence review;
 - (ii) the application for rights to use water from the Reservoir submitted by the District is limited to Permitted Water Use Purposes only;
 - (iii) the District is responsible for making any application for rights to use water from the Reservoir;
 - (iv) the application for rights to use water from the Reservoir submitted by the District is consistent with the proposal for water withdrawals reviewed and approved by BC Hydro;
 - (v) BC Hydro is not obligated to make any application to any governmental authority to authorize such use or pay any fees or costs associated with such application;

- (vi) BC Hydro will not be under any obligation to supply water, maintain specific Reservoir elevations or to ensure that the water quality of any water withdrawn from the Reservoir is appropriate for the Permitted Water Use Purposes;
 - (vii) BC Hydro will not be liable for any water fees or other amounts payable in respect of any water withdrawn from the Reservoir that is used for any purpose other than power generation by BC Hydro; and
 - (viii) the District's water use and any associated works will not impair the operation of any of BC Hydro's facilities on the Peace River or fetter BC Hydro's discretion in respect of such operations or in respect of its exercise of any rights granted to it under any water licence.
- (d) If the Provincial water comptroller, at its sole discretion, issues a conditional or final water licence to the District that would allow it to withdraw additional water from the Reservoir for one or more of the Permitted Water Use Purposes as contemplated in this Section 5.10, BC Hydro will not charge the District for the lost value of generation for water withdrawn from the Reservoir, but only to the extent such water is used for Permitted Water Use Purposes.
- (e) BC Hydro and the District will negotiate in good faith to reach an agreement with respect to such withdrawals of water from the Reservoir containing the standard terms typically included in similar BC Hydro agreements as varied to reflect the terms set out in this Section 5.10.

5.11 Review of Statutory Right of Way

- (a) Within 10 years of the filling of the Reservoir, BC Hydro will at its cost conduct a reasonable, scientifically based study (the "**Reservoir Impact Study**") assessing the physical condition of areas adjacent to the Reservoir which impact the Reservoir or may be impacted by it within the statutory right of way established to mitigate impacts to and from the Reservoir (the "**Reservoir SRW**").
- (b) Before commencing the Reservoir Impact Study, BC Hydro will consult the District through the Community Engagement Committee in respect of the scope of the Reservoir Impact Study. The Parties acknowledge and agree that the final scope of the Reservoir Impact Study will be determined by BC Hydro at its sole discretion.
- (c) After completing the assessment, BC Hydro will provide a copy of the final Reservoir Impact Study to the District and will consult with the District through the Community Engagement Committee in respect of its findings. BC Hydro will make a determination to maintain or to seek to increase or decrease the area of the Reservoir SRW after giving due consideration to the Reservoir Impact Study taking into account the feedback received from the District through the Community Engagement Committee and any other applicable consultation activities undertaken by BC Hydro. The Parties acknowledge and agree that the

determination to maintain or to seek to increase or decrease the area of the Reservoir SRW will be made by BC Hydro at its sole discretion.

ARTICLE 6

COVENANTS AND REPRESENTATIONS OF THE DISTRICT

- 6.1 Each Party will on a timely basis provide such additional information and perform such further actions as the other Party may reasonably request to assist the other Party to implement the Site C Community Measures, the Other Measures and the other actions and decisions contemplated in this Agreement.
- 6.2 The District agrees to use any amounts paid by BC Hydro to the District under this Agreement only for the purposes for which such payments are expressly intended.
- 6.3 The District will not, in a proceeding or otherwise, seek any other amounts, payments or other consideration from BC Hydro, other than as expressly provided for in this Agreement, with respect to the existing impacts of the Peace Region Operations on the District of Hudson's Hope, the Site C Project, the potential impacts of the Site C Project on the District of Hudson's Hope, the implementation of this Agreement, the Other Measures or any other measures implemented by BC Hydro to construct or operate the Site C Project. For greater certainty, this Agreement may satisfy but is not intended to relieve BC Hydro of any legal obligation it may have to make payments to the District in accordance with the Environmental Assessment Certificate.
- 6.4 The District confirms that the issues, interests and concerns raised by the District in relation to the impacts of the Site C Project, as well as the issues raised by the District in relation to the Peace Region Operations, will be addressed by constructing and operating the Site C Project in accordance with the Environmental Assessment Certificate, the Decision Statement, other Authorizations and applicable law, by implementing the Site C Community Measures and the Other Measures and by performing the obligations set out in this Agreement in accordance with its terms.

ARTICLE 7

REPRESENTATION AND WARRANTIES

- 7.1 BC Hydro represents and warrants to the District that: (i) it has the legal power, capacity and authority to enter into this Agreement and to carry out its obligations under this Agreement; (ii) the obligations contained in this Agreement are valid and legally binding on BC Hydro; and (iii) it has taken all necessary actions and obtained all necessary approvals to enter into this Agreement and carry out its obligations under this Agreement.
- 7.2 The District represents and warrants to BC Hydro that: (i) it has the legal power, capacity and authority to enter into this Agreement and to carry out its obligations under this Agreement; (ii) the obligations contained in this Agreement are valid and legally binding on the District; and (iii) it has taken all necessary actions and obtained all necessary approvals to enter into this Agreement and carry out its obligations under this Agreement.

ARTICLE 8 TERM, TERMINATION AND SUSPENSION

- 8.1 Subject to Section 9.1, this Agreement is effective from the Effective Date and will remain in effect until the date all the obligations of the Parties hereunder have been performed or the Parties agree to terminate this Agreement.
- 8.2 BC Hydro may, in its sole discretion, abandon the Site C Project. If at any time BC Hydro decides to abandon the Site C Project, then BC Hydro may terminate its obligations under Article 3, Article 4 and Article 5 of this Agreement by written notice to the District and immediately upon delivery of such notice, BC Hydro shall be permanently relieved of its obligations thereunder.
- 8.3 If at any time during the Construction Period BC Hydro determines in its sole discretion that a suspension of the Site C Project for a period longer than 120 days is necessary or desirable (a "Suspension"), then:
- (a) BC Hydro will notify the District in writing that a Suspension has occurred or will occur and the date on which the Suspension commenced or will commence (the "Suspension Start Date");
 - (b) if BC Hydro determines in its sole discretion to recommence the Site C Project, BC Hydro will notify the District in writing that the Suspension has ended or will end and the date the Site C Project recommenced or will recommence (the "Suspension Stop Date"); and
 - (c) BC Hydro shall be relieved of its obligations under Article 4 and Article 5 of this Agreement during any Suspension, and in all cases the time for performing such obligations shall be extended by the number of days that elapse from the Suspension Start Date to the Suspension Stop Date. During a Suspension BC Hydro may from time to time undertake additional measures necessary or desirable to maintain appropriate safety and environmental standards as determined by BC Hydro acting in its sole discretion.
- 8.4 If at any time BC Hydro determines at its sole discretion that it has a duty to consult any First Nation or other aboriginal group in respect of its Section 35(1) Rights in connection with any actions or decisions required of BC Hydro under this Agreement, then BC Hydro shall be relieved of its obligation to take such action or make such decision under this Agreement until BC Hydro determines at its sole discretion that it has properly discharged its duty to consult. In all cases the deadline for taking such action or making such decision shall be extended until the day after BC Hydro determines the consultation is complete plus the number of days that elapse between the deadline and the completion of the consultation.
- 8.5 The following provisions shall survive the expiry or termination of this Agreement (other than a termination pursuant to Section 9.5): Sections 1.3, 8.4, Article 6 and Article 10.

ARTICLE 9
CONDITIONS PRECEDENT

- 9.1** The obligations of BC Hydro under this Agreement are subject to the following conditions precedent (the "BC Hydro Conditions") being fulfilled, performed or waived:
- (a) the Draft Subdivision Plan having been agreed upon by both Parties acting reasonably by no later than January 15, 2017;
 - (b) the Parties and the Escrow Agent having executed the Escrow Agreement, by no later than 5:00 p.m. on the Condition Fulfillment Date; and
 - (c) the Parties, acting reasonably having settled the terms of the Purchase Agreement, by no later than 5:00 p.m. on the Condition Fulfillment Date.
- 9.2** The obligations of the District under this Agreement are subject to the following conditions precedent (the "District Conditions") being fulfilled, performed or waived:
- (a) the Draft Subdivision Plan having been agreed upon by both Parties acting reasonably by no later than January 15, 2017;
 - (b) the Parties and the Escrow Agent having executed the Escrow Agreement, by no later than 5:00 p.m. on the Condition Fulfillment Date; and
 - (c) the Parties, acting reasonably, having settled the terms of the Purchase Agreement by no later than 5:00 p.m. on the Condition Fulfillment Date.
- 9.3** BC Hydro agrees that the District Conditions are for the sole benefit of the District and may only be waived by written notice to BC Hydro from the District. The District agrees that the BC Hydro Conditions are for the sole benefit of BC Hydro and may only be waived by written notice to the District by BC Hydro.
- 9.4** Notwithstanding that the BC Hydro Conditions and the District Conditions may leave discretion to BC Hydro or the District, respectively, each of the Parties agrees, for \$10 and other good and valuable consideration, the receipt and sufficiency of which it hereby acknowledges, that it shall be bound by this Agreement until 5:00 p.m. of the Condition Fulfillment Date and for certainty, each of the Parties agrees that upon the satisfaction or waiver of the BC Hydro Conditions and the District Conditions (as applicable) prior to 5:00 p.m. of the Condition Fulfillment Date, it shall continue to be bound by this Agreement in accordance with its terms.
- 9.5** Notwithstanding any other provision in this Agreement, if any of the BC Hydro Conditions or District Conditions are not fulfilled, performed or waived by 5:00 p.m. on the Condition Fulfillment Date, this Agreement will automatically terminate as of that time and date.

ARTICLE 10 DISPUTE RESOLUTION

10.1 If a dispute arises between the Parties in connection with the interpretation or performance of the following terms of this Agreement:

- (a) Section 5.1 (Water Supply Infrastructure);
- (b) Section 5.2 (Water Quality);
- (c) Section 5.3 (Waste Water System);
- (d) Section 5.7 (DA Thomas Road Construction, Clarke Avenue Restoration);
- (e) Section 5.10 (Future Water Supply Needs); and
- (f) such other matters as the Parties may agree in writing;

then either Party may deliver to the other Party a written notice (a **"Dispute Notice"**) describing in reasonable detail the issues in dispute (the **"Dispute"**) and the Parties agree to finally resolve the Dispute in accordance with the procedure set out in this Article 10.

10.2 The Parties shall attempt in good faith to reach a reasonable resolution of the Dispute through the Community Engagement Committee within 30 business days of delivery of the Dispute Notice (or within such other time period agreed to by the parties) and, subject to applicable laws, the Parties will provide candid and timely disclosure to each other of all relevant facts, information and documents to facilitate those efforts.

10.3 If the Parties have not resolved the Dispute within 30 business days of delivery of the Dispute Notice, then the Parties will refer the Dispute to the Senior Director of General Operations, BC Hydro and the Chief Administrative Officer of Hudson's Hope, who will attempt in good faith to resolve the Dispute within 15 business days of its referral.

10.4 If, at any point in the dispute resolution process, there is a disagreement on the facts of the Dispute (a **"Factual Disagreement"**), either or both of the Parties may engage a subject matter expert to clarify the facts at their own cost, subject to the following:

- (a) if BC Hydro and the District agree that a particular subject matter expert is required to resolve the Factual Disagreement, that subject matter expert will be engaged jointly and the costs shared equally between BC Hydro and the District;
- (b) if a subject matter expert is engaged by the District alone or jointly with BC Hydro and the Dispute is resolved in favour of the District, then BC Hydro will reimburse the District for its reasonable costs of engaging the subject matter expert;
- (c) in no event will BC Hydro seek recovery from the District of its costs of engaging a subject matter expert; and

- (d) the engagement of a subject matter expert will not alter or extend the time for commencing or completing the steps described in Sections 10.2, 10.3, 10.5 and 10.6.
- 10.5 If the Parties are unable to resolve the Dispute after completing the steps set out in Sections 10.1 to 10.3 and, if applicable Section 10.4, then BC Hydro will fund the engagement of a mediator from a mutually agreed-upon list who will attempt to resolve the Dispute within 30 business days.
- 10.6 If any Dispute is not resolved by the Parties within 80 business days of delivery of the Dispute Notice, the Parties shall submit the Dispute to arbitration conducted in accordance with the rules of the British Columbia International Commercial Arbitration Centre for the conduct of domestic arbitrations in effect at that time (the "**Rules**"). The arbitration shall be before a single arbitrator appointed in accordance with the Rules. The place of arbitration shall be Vancouver, British Columbia. Arbitration hearings may be heard in any venue agreed upon by the Parties or, failing agreement, in any venue chosen by the arbitrator. The arbitration will be the sole and exclusive forum for resolution of the Dispute and the award will be final and binding. For certainty, if a Dispute proceeds to arbitration, each Party will bear its own costs of preparation and representation, and the authority to award costs of the arbitration will lie solely with the arbitrator.
- 10.7 Unless the Parties otherwise agree, all documents, information or correspondence provided by either Party pursuant to Sections 10.1 to 10.6 will be privileged in any subsequent legal proceeding.
- 10.8 If the Parties mutually agree, then the dispute resolution process set out in this Article 10 or any element thereof may be applied to a dispute arising in connection with a term or requirement of this Agreement other than those set out in Section 10.1.

ARTICLE 11

GENERAL PROVISIONS

- 11.1 This Agreement is not confidential.
- 11.2 BC Hydro's payment obligations under this Agreement are subject to the District first issuing an invoice to BC Hydro in respect of the amounts payable. The District must issue an invoice within 365 days of the date upon which each such amount becomes payable. BC Hydro will pay such amounts within 30 days of invoice receipt, except where a different payment period is expressly stated elsewhere in this Agreement.
- 11.3 Any notice, document, payment or communication to be given under this Agreement will be in writing and delivered by hand, faxed or emailed to the Party to which it is to be given as follows, and will be deemed received on the date sent:

If to BC Hydro:

Suite 600, Four Bentall Centre
1055 Dunsmuir Street
PO Box 49360
Vancouver, BC V7X 1V5

Attention: [REDACTED] Aboriginal Relations and Public
Affairs Director

Telephone [REDACTED]
Fax: [REDACTED]
Email: [REDACTED]

If to the District:

District of Hudson's Hope
Box 330, 9904 Dudley Drive
Hudson's Hope, BC V0C 1V0

Attention: [REDACTED] Chief Administrative Officer

Telephone: [REDACTED]
Fax: [REDACTED]
Email: [REDACTED]

and a Party may change from time to time its address or other applicable contacts by notice provided to the other Party in accordance with Section 11.3.

- 11.4 Any provision of this Agreement which is prohibited or unenforceable in whole or in part shall be ineffective to the extent of such prohibition and unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement.
- 11.5 This Agreement may only be amended by written agreement of the Parties.
- 11.6 Each Party represents and warrants to the other that it has received independent legal advice regarding this Agreement.
- 11.7 This Agreement constitutes the entire agreement between the Parties and supersedes and cancels any prior agreements, undertakings, declarations and representations, written or oral, regarding the subject matter of this Agreement.
- 11.8 This Agreement enures to the benefit of and is binding on the Parties and their successors and assigns.
- 11.9 No waiver will be inferred from anything done or omitted to be done by a Party and any waiver by a Party of a breach or obligation of this Agreement must be made by that Party


in writing and shall extend only to the particular breach or obligation identified in such written waiver.

- 11.10 Nothing in this Agreement creates any legal partnership, co-venture, or principal and agent relationship between the Parties.
- 11.11 Each of the Parties will do all 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 Agreement.
- 11.12 This Agreement is governed by the laws in force in the Province of British Columbia and the laws of Canada applicable therein.
- 11.13 This Agreement 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 Agreement.

Agreed by the Parties as of the Effective Date.


DISTRICT OF HUDSON'S HOPE

By:

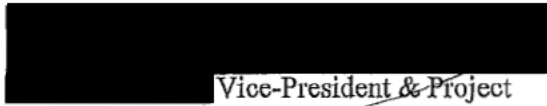

Councillor

**BRITISH COLUMBIA HYDRO AND
POWER AUTHORITY**

By <


Senior Vice-President,
Training, Development and Generation

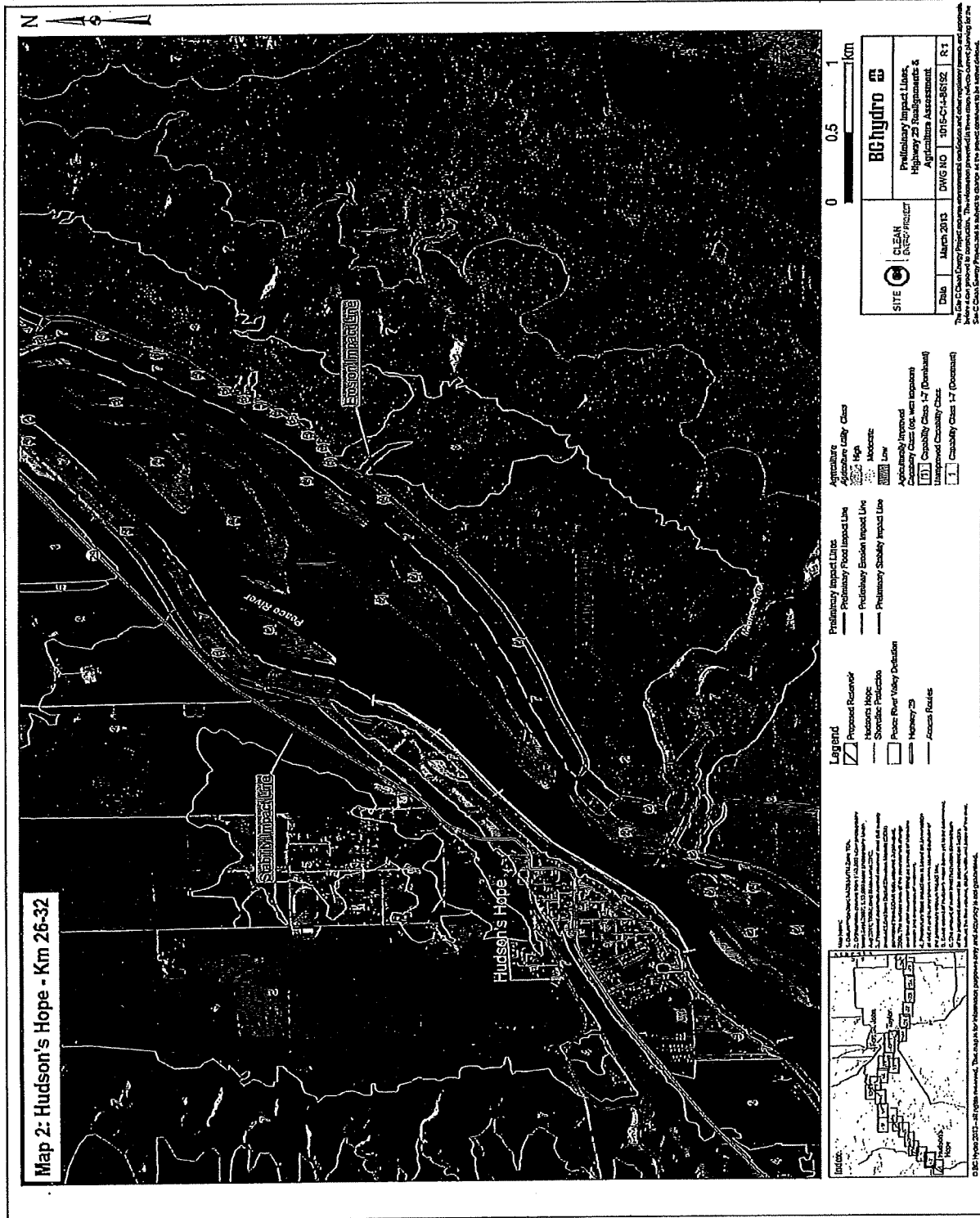
By


Vice-President & Project
Director, Site C Clean Energy Project

SCHEDULE "A"
Atkinson Lands

PID/PIN	Legal Description
012-180-149	Lot A Section 13 Township 81 Range 26 West of the 6th Meridian Peace River District Plan 14064, Except Plan H830
011-745-789	Lot A Section 13 Township 81 Range 26 West of the 6th Meridian Peace River District Plan 16585

SCHEDULE "B" **Impact Line Map**



SCHEDULE "C"
Community Engagement Committee- Terms of Reference

Purpose:

The CEC will support the partnering relationship between Hudson's Hope and BC Hydro, including Peace Region Operations and Site C, by providing a forum for transparent communications, and coordination of efforts and resources.

Responsibilities:

- The CEC will be guided by the principles of the partnering relationship and the Joint Vision.
- CEC members will be respectful, professional, and strive for benefits that can be shared by all.
- The CEC will discuss community interests, BC Hydro operations as they pertain to community interests, and implementation of Site C Environmental Assessment Certificate conditions, and other Site C issues that may arise.

Structure & Membership:

- The CEC will be co-chaired by one representative from each Partner, or their delegate.
- Each Partner will appoint three members to the Committee, for a total of six members:
 - Hudson's Hope participation will include Council representation, Chief Administrative Officer, and other Council or staff representatives as appropriate, or their delegate.
 - BC Hydro participation will include a Peace Region Operations representative, and a Site C Senior management representative during construction, and other BC Hydro staff as appropriate, or their delegate.
 - The CEC may invite others to participate, as appropriate, to act as a resource to the CEC which may include representatives from the Peace River Regional District, Business/economic development, Tourism/recreation, Emergency services (e.g. local RMCP), Community service providers (e.g. education, community groups, non-profits), Transportation (e.g. local MoTI), and Contractors to provide information and feedback to the CEC, as necessary.
- Consistent representation and participation by CEC members is important.
- Transition planning for the CEC will strive to have 50% of the members serve for a one year minimum.

Administration:

- The CEC will function in perpetuity to support the ongoing relationship between BC Hydro and Hudson's Hope, unless otherwise agreed to by the CEC.
- The CEC will meet at least two times per year, and more frequently as agreed to by the CEC.
- CEC meetings will generally be held in Hudson's Hope or by conference call, unless otherwise agreed.
- BC Hydro will provide administrative support to the CEC to coordinate meetings, record meetings minutes, and circulate minutes to the CEC.

- Partners will be responsible for their own travel expenses, will provide in-kind meeting facilities as available, and will share any residual costs associated with meetings.

Other Community Interests:

The Parties agree to discuss the following topics within the CEC:

- Statutory Right of Way: A review of the Statutory Right of Way for Site C for District of Hudson's Hope owned lands will be undertaken within ten years after the Site C Project's Construction Start Date. Where feasible and safe the extent of the Statutory Right of Way within the District may be reduced.
- Hudson's Hope Shoreline Protection construction impacts: Discussions to assist in addressing potential community impacts from construction of the Hudson's Hope Shoreline Protection.
- Reservoir Access and Conditions: Reservoir access, debris management, and implementation of the Outdoor recreation mitigation plan.
- Traffic and Safety Management: Discussions of potential traffic impacts and community input on safety management plans.
- Other topics, as may be mutually agreed by the Parties.

Schedule "D"
ATKINSON MILESTONES

No.	Atkinson Milestone	Atkinson Milestone Date	Responsibility
1.	Finalize Draft Subdivision Plan.	January 15, 2017	District, BC Hydro
2.	Appointment of Construction Manager.	February 15, 2017	District
3.	Submit application for preliminary layout approval in accordance with Subdivision Bylaw, including submission of pre-design reports, preliminary designs, feasibility studies, cost estimates and any fees or security, in accordance with the Subdivision Bylaw and requirements of the District staff.	February 28, 2017	District
4.	Consideration of Preliminary Layout Approval of Subdivision.	February 28, 2017	District, Approving Officer
5.	Prepare and deliver detailed site, civil and landscape drawings and such feasibility studies and cost estimates in respect of the finalized Draft Subdivision Plan for "Works and Services" required to complete the servicing of the Atkinson Lands.	March 17, 2017	BC Hydro
6.	Prepare detailed work plan and schedule in respect of all tasks required to be undertaken by the Construction Manager and subcontractors to complete the "Works and Services" relating to the servicing of the Atkinson Lands (the "Workplan").	March 24 2017	District
7.	Subdivision and Development Servicing Agreement and security for works and services (if needed)	May 26, 2017	District/BC Hydro
8.	Commence construction of "Works and Services" required	May 29, 2017	District

No.	Atkinson Milestone	Atkinson Milestone Date	Responsibility
	for the servicing of the Atkinson Lands in accordance with the Workplan.		
9.	Completion of all "Works and Services" in relation to the servicing of the BC Hydro Lots.	September 15, 2017	District
10.	Submission for approval of final Subdivision Plan.	September 15, 2017	District/BC Hydro
12.	Consideration of approval of final Subdivision Plan	September 30, 2017	Approving Officer
13.	Deposit of final Subdivision Plan in the Land Title Office	September 30, 2017	District

Schedule "E"
ESCROW AGREEMENT TERM SHEET

The Escrow Agreement will include the following terms:

1. Appointment of Escrow Agent: The District and BC Hydro will appoint an Escrow Agent mutually agreed upon between the parties.
2. Deposit of Atkinson Funds: The Escrow Agent will invest the amount of \$1,700,000 (the "Atkinson Funds") in an interest-bearing trust account at a Canadian Schedule I chartered bank and hold such funds pursuant to the terms and conditions of the Escrow Agreement. Interest will accrue to the benefit of the party entitled to the principal.
3. Withdrawal of Atkinson Funds: The Escrow Agent is irrevocably directed and instructed to pay out of escrow the amounts (and any interest thereon) only in accordance with (i) the terms of the Escrow Agreement; (ii) a joint written direction of the Construction Manager and the Atkinson Quality Assurance Team; or (iii) an order of a court of competent jurisdiction and delivered to the Escrow Agent by either party (with a copy of such order being concurrently provided to the other party).
4. Payment of Atkinson Funds: The monies representing the Atkinson Funds will be held in trust and the Escrow Agent will, subject to the terms of the Escrow Agreement, disburse an amount from the Atkinson Funds sufficient to pay the properly incurred Atkinson Subdivision and Servicing Costs.
5. Remaining Funds: If any funds remain with the Escrow Agent after the redevelopment process is complete, the balance of the Atkinson Funds will be paid out to the District; however, if the District's obligations pursuant to Article 4 of the Partnering Relationship Agreement are terminated then the balance will be returned to BC Hydro.

Schedule "F"
PURCHASE AND SALE AGREEMENT TERM SHEET

The Purchase Agreement will be based on the BC Hydro standard form agreement and will include the following terms:

1. Purchase Price: In respect of each of the BC Hydro Lots, the purchase price will be an amount equal to the product of \$500,000 multiplied by a fraction, the denominator of which is the aggregate area of all of the BC Hydro Lots and the numerator of which is the area of that BC Hydro Lot, each measured in square feet, rounded to the nearest dollar (the "**Purchase Price**").
2. Deposit: BC Hydro will pay a non-refundable deposit (the "**Deposit**") in the amount of \$500,000 on or before March 31, 2017, which will be applied to the Purchase Price for each of the BC Hydro Lots on completion of the purchase.
3. Completion Date: The completion of the purchase will occur on the date that is 15 business days after the final subdivision plan for the Atkinson Lands has been deposited in the Land Title Office (the "**Completion Date**").
4. Purchase Agreement: The parties will enter into the Purchase Agreement. The Purchase Agreement will be drafted by BC Hydro's lawyers and will contain the terms and conditions set out herein as to Expected Purchase Price and Completion Date, the customary terms and conditions found in an arm's length purchase agreement of the nature of the proposed transaction including, without limitation, applicable representations and warranties, customary conditions to closing and such other terms as are mutually satisfactory to the parties.
5. Conditions: The Purchase Agreement will contain conditions precedent including, without limitation, the subdivision application; preliminary approval of the subdivision plan and registration of the subdivision plan in the Land Title Office; and the entering into of works / servicing agreements and the granting of security for the servicing of the Atkinson Lands upon subdivision. The Purchase Agreement will include as a condition precedent the execution by the District of the Section 219 Covenant, which covenant shall be registered in the Land Title Office in respect of the Atkinson Lands concurrently upon subdivision of the Atkinson Lands.
6. Closing Documents: The closing documents will be prepared by BC Hydro's lawyers.

7. Sale of Remaining Lots:

- a. The District agrees that it will not offer or agree to sell any lot resulting from the subdivision of the Atkinson Lands until BC Hydro has purchased the BC Hydro Lots from the District; and
- b. The District agrees to employ a phased sale and marketing strategy in connection with the sale of its lots created from the subdivision of the Atkinson Lands on such terms to be agreed between the parties. The parties acknowledge and agree that the intent of this section is for the lots retained by the District to be sold gradually over a period of five years from the Effective Date.

8. Election to Purchase Other Lots: The parties acknowledge that if there are any material changes to the Draft Subdivision Plan after the execution of the Purchase Agreement, BC Hydro may elect to purchase any of the lots with the same value as the BC Hydro Lots rather than the BC Hydro Lots.

9. Termination of Purchase Agreement: The parties agree that the Purchase Agreement will terminate and the Deposit will be returned to BC Hydro in the event the subdivision of the Atkinson Lands does not complete on or before the Longstop Date.