

March 9, 1998

**LETTER OF INTENT**

Minister of Transport  
Suite 620, 800 Burrard Street  
Vancouver, B.C. V6Z 2J8

Attention: Loretta Bernister, Regional Director  
Harbours and Ports

Dear Minister:

Re: **Snug Cove Wharf and Floats, within Block C, Water Lot  
No. 6055, New Westminster Land District, Bowen Island,  
B.C.**

In keeping with the National Marine Policy which was released by Transport Canada on December 14, 1995 and which provides for the transfer of regional/local ports to local entities, the Islands Trust is desirous of arranging a transfer of the above-mentioned Port (the "Port"), with a view to providing:

- services that are more cost-effective; local operations
- that are more responsive to local needs; and
- levels of service that more closely match local demands.

Recognizing that further discussions and negotiations must now take place before an agreement for such a transfer of the Port (the "Transfer Agreement") could be made, it is understood that the following principles would be applicable in the process:

- (a) Port users and local community groups are pivotal to the decision-making process and would be involved in consultations, with a view to achieving a smooth transition in the management, operation and maintenance of the Ports;
- (b) the Minister would transfer or cause to be transferred, to the local entity, upon such terms and conditions as the Minister and the local entity may agree:
  - (i) the real property (including any ownership interest in such property) or the right to use real property, which real property or right belongs to Her Majesty the Queen in right of Canada ("Her Majesty") and of which Her Majesty has the power to dispose and which real property is situated at the Port, in the condition in which such property may be on the date of transfer, and
  - (ii) whatever interest Her Majesty has in the chattels and consumable stock used in the management, operation or maintenance of the Port, and of which interest Her Majesty has the power to dispose, in the condition in which such chattels and consumable stock may be on the date of transfer;

- (c) the local entity would comply with all laws and regulations, now or hereafter in force, applicable to the local entity and to the management, operation and maintenance of the Port;
- (d) the local entity, entirely on its own behalf and not on behalf of Her Majesty or the Minister would manage, operate and maintain the Port as a regional/local ports open to the public, for an agreed period of time after the date of transfer; in accordance with the Transfer Agreement;
- (e) the local entity would honour any and all contracts (including but not limited to leases, licenses and permits), in respect of the Port, which are in effect on the date of transfer;
- (f) the Minister would keep the local entity informed, on a timely basis, through the Regional Director, Harbours and Ports or her nominee, with regard to all major contracts, in respect of the Port, that would be entered into or amended after the day on which receipt of this Letter of Intent is acknowledged by the Minister or his authorized representative; and
- (g) the Transfer Agreement would set out the legal rights and obligations of Her Majesty, the Minister and the local entity.

This Letter of Intent is non-binding and does not create any enforceable legal or equitable rights or obligations.

No provision in this Letter of Intent will be construed as creating a partnership, joint venture, or principal-and-agent relationship.

The Transfer Agreement will not be binding upon Her Majesty, the Minister, or the local entity, until such time as it has been reduced to writing and has been executed by their duly authorized representatives.

Islands Trust acknowledges that, if it acts to its detriment in reliance on this Letter of Intent or any part thereof, or in reliance on any representations by Her Majesty, the Minister, or any of their officers, employees or agents, they do so without recourse to Her Majesty, the Minister, or their officers, employees or agents.

This Letter of Intent will be valid for a period of twelve (12) months after the day on which its receipt is acknowledged by the Minister or his authorized representative; however, at the sole discretion of either Islands Trust or the Minister, this Letter of Intent may be terminated before the expiry of such twelve (12) month period through a written notice to that effect given by the one to the other.

All notices or other communications necessary for the purposes of this Letter of Intent will be in writing and will be delivered personally or by courier or will be sent by registered mail or by prepaid post, or sent by facsimile, addressed,

(a) in the case of Her Majesty, or the Minister, to:

Loretta Bernister, Regional Director  
Harbours and Ports  
Transport Canada  
Suite 620, 800 Burrard Street  
Vancouver, B.C. V6Z 2J8  
Telephone: (604) 666-2607; Facsimile:(604) 666-2692

or to such other address or facsimile number, or addressed to such other person, as the Minister may, from time to time, designate in writing to the Islands Trust and

(b) in the case of the Islands Trust, to:

Gordon McIntosh, Executive Director  
Islands Trust  
Suite 200, 1627 Fort Street  
Victoria, B.C. V8R 1 H8  
Telephone: (250) 405-5160; Facsimile:(250) 405-5155

or to such other address or facsimile number, or addressed to such other person, as the Islands Trust may, from time to time, designate in writing to the Minister.

Any notice or communication will be considered to have been received:

- (a) in the case of facsimile, on actual receipt, and
- (b) in all other cases, on the date of delivery.

If the postal service is interrupted, or threatened to be interrupted, or is substantially delayed, any notice will be delivered personally or by facsimile.

The Islands Trust looks forward to pursuing this matter.