



KENSINGTON ISLAND PROPERTIES
UNION BAY, BRITISH COLUMBIA

June 7, 2016

Board of Trustees
Union Bay Improvement District

Attention: Trustees Glenn Loxam & Peter Jacques

Dear Sirs:

Please accept this letter as confirmation of our discussion held today. Kensington Island Properties is and has been prepared to provide 8 acres of our Union Bay property to the Union Bay Improvement District under the following conditions:

- **4 acres to the UBID Fire Services** as outlined in the KIP/CVRD Master Development Agreement and provided **without** CEC Credits. This site has previously been chosen by the previous UBID Administrator and Fire Chief and will be provided with services to the property line. Once we have a UBID Water Agreement in place title can be transferred.
- **4 acres to the UBID Water Works** for the provision of the expanded and permanent Water Works System and provided **without** CEC Credits. Should the UBID Board choose to abandon the proposed Island Timberlands purchase and place the expanded and permanent site on a 4 acre KIP parcel at the top of McLeod Road we will be willing to transfer title once the April 2011 Water Infrastructure Agreement is reinstated.
- **An extended lease** on the existing UBID Water Works System on McLeod Road. KIP is prepared to extend the current lease once the Water Infrastructure Agreement is reinstated and the UBID Default in the current lease has been rectified.
- **Upgrades to the existing UBID Water Works** The upgrades to the existing UBID Waterworks can still be completed by KIP as per the April 2011 Water Infrastructure Agreement. These upgrades will meet the Island Health requirements and save the Union Bay residents from a borrowing referendum. The money required is currently on deposit in our lawyers trust account however time is of the essence.

Obviously there needs to be further discussions but this will serve as the basis of the agreement for which most of it we have discussed for many months. Please provide us with your concurrence by June 15, 2016.

Brian A McMahan
Vice President