

CAMOZZI BENCH



0935211 BC Ltd.

David Evans
3669 Catherwood Road
Revelstoke, BC V0E 2S3
1 (604) 932-9835
dnevanshk@gmail.com

July 19th, 2016

Re: Letter from Revelstoke Mountain Resort on the Application for Bylaw Amendment by 0935211 B.C. Ltd. (the "Applicant") for: Official Community Plan Amendment Bylaw No. 2109, Zoning Amendment Bylaw No. 2110 and Zoning Amendment Bylaw No. 2118 for Lot 1, Plan 111777 (Camozzi Road).

Your Worship Mayor McKee & members of Revelstoke City Council,

I would like to take this opportunity to respond to the letter addressed to you by Mr. Gaglardi of Northland Properties, owner of Revelstoke Mountain Resort, dated July 15th, 2016.

I appreciate that Northland Properties is interested in protecting its financial well-being, but I find the extent to which this company has gone to oppose a complimentary development adjacent to their property to be troubling. The lengthy letter, loaded with false statements and misrepresentations and the website they created (<http://www.developrevelstoke.com>) was poorly masked as a community initiative for days before Northland's took credit for it, and the public relations firm calling around to distribute Mr. Gaglardi's point of view, and are designed to disseminate false information to Revelstoke citizens. Given the amount of intentionally false statements in Mr. Gaglardi's letter I am left to question the honesty of his claims. In this letter I will take the opportunity to explain why I believe this rezoning should be approved. I will also, where necessary, respond to specific points and false statements made by Mr. Gaglardi to clarify why Camozzi Bench will be a benefit to both Revelstoke Mountain Resort and the City of Revelstoke.

WHY CAMOZZI BENCH WILL BE GREAT FOR REVELSTOKE

What I am proposing will allow for a unique, world class accommodation area to be built at the base of Mount Mackenzie. This will increase the global awareness of Revelstoke by creating a unique destination that separates Revelstoke from its competition. This proposal if approved will allow for an increase in tourism to our great City not just in the winter and summer but also the shoulder seasons. This will increase business not only at the resort but also the Downtown core as people come to stay at the tree-house hotel and discover everything else Revelstoke has to offer.

GENERAL RESPONSE TO RMR'S CLAIM OF AN UNFAIR ADVANTAGE

1. When I visited Revelstoke for the first time, I fell in love with the community. I recognized the potential of Revelstoke and the Resort to become a world class resort and the best place to live in the world. That is why I chose to build my house here. I also recognized the potential for investment and the opportunities those brought. That is why I invested in several other properties in and around Revelstoke.
2. Like many of you, I settled down here (or chose not to leave) based on a belief that Revelstoke Mountain Resort would continue to grow, and invest in itself as laid out in the Master Development Agreement. We all acknowledge that the 2008 economic downturn was tough for many people. That includes local contractors employed at the resort that were forced to take \$0.50 on the dollar when Mr. Gaglardi and Northland Properties took over control of the resort and unilaterally imposed this on them all. In the 8 years since, the global and local economy has recovered. I think that we can all agree that investment in Revelstoke is back to a healthy level and growing every year. Like many residents, the City of Revelstoke, and Council, I have waited for Northland Properties to recognize this and pick up where Mr. Simpson and his investment group left off before 2008. The Province of BC, the City Revelstoke, and residents have been asking Northland Properties to update its 2003 Master Plan, and the Master development agreement for over 6 years now. The community has been asking Mr. Gaglardi to bring forth a plan that recognizes that 2008 was difficult, but that they have a plan to move forward and honour their commitments under the MDA (see the objectives guiding the development of an All Seasons Resort from the Province of BC below). But 8 years on, Northland's is continuing to invest minimally and holding the community hostage with statements like, "tragic and irreversible consequences" if anyone else wants to invest in this community. Mr. Gaglardi claims that Northland's are bound by their tenure agreement and uses this as a reason

why they cannot compete. And yet, Northland's continues to ignore the terms of their tenure agreement themselves which are laid out in the Province's Land Use Operational Policy document (http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/natural-resource-use/land-water-use/crown-land/asr_policy.pdf), the objectives guiding the development of an All Season Resort (ASR) are:

OBJECTIVES GUIDING THE DEVELOPMENT OF AN ASR:

- *Maintain and enhance British Columbia's competitive edge in resort development and expansion.*
- *Provide enhanced business certainty and security.*
- *Promote new investment, economic generation and jobs.*
- *Minimize conflict between competing land uses.*
- *Promote sustainable land use that commits to social responsibility and environmental stewardship.*
- *Promote Aboriginal tourism/resort development opportunities.*
- *Ensure an efficient and coordinated approval process with clear, well-defined and timely decision-making.*
- *Meet changing market and business conditions in a competitive international marketplace.*
- *Promote diversification and four season use.*

3. After years of waiting, and a realization that Northland's sees more value in RMR as a tax break it can claim against its other businesses' profits than it does as a viable investment, I have put forward this rezoning application so the community can finally see some meaningful investment. I have had numerous people tell me that they cannot find suitable accommodation in Revelstoke in the winter that suits the needs of their families. As a result, they choose to go elsewhere. This is why I am proposing to build a high-quality, unique tourist destination that will provide bed units for those looking to come to Revelstoke. RMR has the ability to address this obvious need by building out the 4,000 bed units they are granted before having to make any further investment in resort infrastructure.

4. Northland Properties may well be finding it difficult to sell its properties. I would expect that when they are still for sale at the now overvalued pre-2008 prices and the fact they haven't addressed deficient infrastructure issues from as far back as 2008. Who would want to buy a lot or hotel site that has significant infrastructure issues such that the City of Revelstoke will not approve a building permit on it? Please see admission of responsibility for the faulty works by Mr. Bob Gaglardi, CEO Northland Properties dated Oct 2102, some 4 years after initial investors purchased these lots. Unfortunately, despite this admission of responsibility, Northland Properties still have not rectified these works and as such all properties effected cannot be sold as they are not serviced correctly and will not get a building permit issued as a result, rendering them worthless in their current state. Quote from Mr. Bob Gaglardi below (Please see attachment 1 for the full letter):

*"We are writing this letter to explain our situation on the above mentioned. We find ourselves in a very difficult situation, in that we are coming to the end of our paving season faced with contract obligations to the current lot owners and having issues with the City of Revelstoke. We are faced with severe issues from both parties. **We also accept that this predicament is one of our own making due to all the mistakes we have made. We have nobody to blame but ourselves for the time constraints we find ourselves in.**"*

Mr. Bob Gaglardi, CEO Northland Properties October 19,2012.

5. Mr. Gaglardi's claim that this rezoning application is the thing that will prevent RMR from making any future investments for "a generation if this application is approved" is a preposterous threat to the City of Revelstoke and flies in the face of the his obligations as laid out in the Tenure agreement, and Northland's claim that they are good neighbours and investors in Revelstoke. Firstly, we've seen over the last 8 years they are not interested in making any investments and they are now saying it maybe another 20 years based on the inventory they have alone before there is any justification to invest again. If Northland's wants to sell its real-estate and invest then they have to rectify the issues of the past, market their real-estate at current market prices and show investors what they intent to do in the next 3-5 years to rebuild the confidence they have lost as a result of their inaction in the last 8 years.

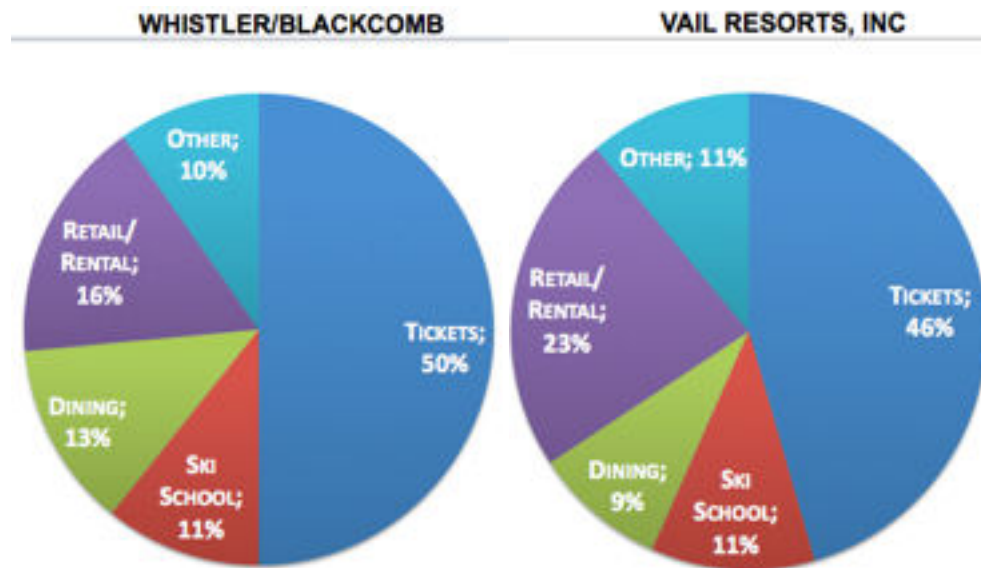
6. My rezoning application if passed will not stall this resort as it is already stalled. It may, and I hope it does, relight some of the embers left from the initial launch of RMR.

SPECIFIC ISSUES IN RMR'S JULY 15TH LETTER

1. I believe that this application is about a long-term vision. The question before you is whether or not this application will be a complimentary use to RMR without competing with it or downtown. As you can see from the maps and images I've included in my rezoning package, this development will be of a low impact, maintaining most of the trees on site, with small accommodation pods scattered

throughout the site that are serviced by lodges or hotels with associated services. Had this been meant to compete with RMR or the downtown I would have done better to have applied for the "Resort Core" rezoning that surrounds my property to the north and east, under which are permitted 8 storey hotel buildings, apartments, townhouses, retail and commercial uses among others. The CD-18 application is about a specific, unique accommodation type that is nothing like the Resort and cannot be of a scale and size to compete with downtown and does not contain specific commercial or residential zoning as Mr. Gaglardi claims.

2. What is true is that, at the time of annexation I indicated that the first phase of the accommodation area would include a main lodge and about 25-50 accommodation pods. Beyond that timeline, I would develop a comprehensive plan for the site and present it to Council in the rezoning application. The intent has always been to develop a unique hotel accommodation area on this property, and that is what this zoning application in front of you today is for. By continually focussing on this low number and falsely stating that I previously said 20 units, 25 units or 50 units for the entire site, Mr. Gaglardi is attempting to make me look like a liar and distract the community and Council from my application.
3. See above.
4. If I truly believed that there was a risk that this would have negative effects on the resort and Revelstoke itself then I wouldn't bring this application forward. Why would I when I have several other land investments (Mackenzie Village being the largest) whose success hinges on Revelstoke growing and thriving? Doing so would be financial suicide. The rezoning will support growth of the resort and of the community where it is indicated to be as laid out in the OCP and the resorts own MDP.
5. I have explained in previous letters the financial benefits this would bring to RMR in direct lift ticket sales and spin off purchases. Bringing more people to the resort and to the downtown can only have positive effects. This is direct income for the resort, without Northland's having to spend a single penny. Please see the attached charts from the two largest ski resorts in North America as publicly traded companies their data is available, from this you can clearly see that the resort will directly benefit from an increase in visitors and that lift ticket sales make up the vast majority of revenue.



Source: <http://www.theatlantic.com/business/archive/2012/02/no-business-like-snow-business-the-economics-of-big-ski-resorts/252180/>

6. I would question that Northland's Properties has invested \$150 million in on-mountain infrastructure. Any expense associated with the building of Sutton Place or development of the lots and hotel sites are not on-mountain but are recoverable development costs. \$150 million may have been invested in the creation and construction of roads, sewer, water, lifts, gondolas and buildings at the resort, but to use this figure as a show of continual investment from Northland's alone is extremely misleading not only for the reasons given above but also because the vast majority of this investment was made before Northland's even became a minority investor let alone once they took control.

- *The other statements made in this section have been addressed by my point 4 under "General Response to RMR's Claim of Unfair Advantage).*
7. Mr. Gaglardi states that his current lifts have 30% capacity remaining that would imply they are running at 70% capacity. The Canada West Ski Area Association (CWSAA) states:
- "Ski resorts can typically run at 45% of their carrying capacity prior to experiencing operational challenges (e.g. weekend line-ups)." source CWSAA*
- *So as per Mr. Gaglardi's statement, that means that RMR are running at 70% capacity, or put another way, 55% above typical utilization rates before you can expect operational challenges.*
- The CWSAA also states that the average capacity for all BC Resorts is 32%*
- *RMR is therefore operating at 118% above average when compared to other resorts in BC.*
 - *Contrary to Mr. Gaglardi's claim, this is why we are commonly seeing long line-ups at RMR, and why we should have already seen additional lift capacity at RMR.*
 - *Furthermore, what Mr. Gaglardi is missing here is that you need momentum to make a resort successful. Claiming you're waiting for more capacity before installing more lifts, doesn't cut it for those who travel here to spend \$86 a day or \$600 a week to stand in line for 30 minutes every run at the Stoke Chair. Simply saying we are big enough does not drive growth. In fact, it kills it, as it sends the message there is nothing more coming for a long time, if ever.*
8. Despite the false statements made about 1,600 homes, my other applications or investments should have no bearing on this specific application. Using this point to suggest that Council is "in bed" with me is insulting to the City of Revelstoke, Council and myself. Again this is a low-blow scare tactic that is trying to create a perception of unfair advantage where none exists.
9. Whilst not part of this application the development of Mackenzie village will provide an important element to our City to allow growth at RMR. Without Mackenzie Village where does Mr. Gaglardi think all the people that will need housing as a result of the jobs that should be created from the development of RMR live? So this again is not only complimentary to RMR but will enhance RMR's ability to grow, without a home you can't live and work in Revelstoke.
10. Council was given a mandate to represent its citizens to make informed decisions about these types of applications. Again to suggest that Council is doing everything I ask of them is insulting and defamatory. This is an attempt to make Council look bad in front of the community.
- *Furthermore, it does not explain the length of my annexation application for this property that took over 2.5 years to get approved. Surely if Council was in my back pocket this would've happened much more expediently than it did.*
 - *I would also like to point out the irony of this statement. As Northland's have created their own website trying to tell Council exactly how our city should be developed.*
11. Since Camozzi Bench was a part of the CSRD when the OCP was written and is only now being considered after annexation, the most logical thing to do would be to consider Council's consideration for annexation as the overriding direction on this particular property. Council voted unanimously to annex Camozzi Bench so that it could be rezoned for hotel accommodation use, a rezoning designation that would complement RMR. In my rezoning application to the City, I have highlighted specific goals and policies that support this development. After consideration of the application and its appropriateness within Revelstoke's OCP, Mr. Strachan, the City of Revelstoke's Manager of Development Services, in his professional opinion, put forward the recommendation that this rezoning be brought forward for Council's consideration. There is no change to the OCP as Northland's would have you believe it is simply being amended to include the subject property as is required.
12. There are three principal uses laid out in the proposed zoning.
- *They include:*
 - *Accommodation Pods (i.e. Tree House Units - with a definition);*
 - *Hostels; and*
 - *Hotels*
 - *The other, secondary uses, such as restaurant, spa, etc. can only exist in conjunction with a principal use and would be consistent with service offered in any hotel, hostel or other accommodation found throughout the world. The idea being that if you were staying in a*

hotel or larger accommodation area, you would expect there to be a restaurant or place to get a drink within said hotel as is usual practice.

13. Given that there are only 3 principal uses (accommodation pods, hostels, hotels) proposed for this area, and that there is no commercial or residential components this could ever become a "whole new village."

- *Also, saying that there could be "homes, multi-family dwellings and even retail" is another false statement used to try and misinform Council and the community about what is actually permitted in this zone. If you review the proposed zoning you will see that nowhere does "homes, multi-family dwellings, or retail" appear.*
- *The 5 year no-build covenant was a gesture to allow RMR to consider this rezoning and how it may fit into its long-term plans when it updates its MDA.*
- *Northland's are omitting the very large concession to allow them a right of way through my lands as shown on the MDP. Without this, they have no meaningful way to access all their potential development land to the South.*

14. This is RMR telling the City and a private landowner how they should develop their property. Again, ironic given point 10 above. The reason that hotels are proposed is so that they can act as a central lodge for the accommodation pod guests, providing check-in area as well as food and beverage services and more conventional room types. In essence they would be ancillary to the accommodation pods while providing for more traditional accommodation units that would appeal to a wider range of guests. Without this use permitted it would too narrowly define the area, and not allow for the related services (such as restaurant or bar) that people would expect when staying at a hotel. Would you stay somewhere that you had to drive out of just to get a coffee? If your answer is "no" then I hope you can appreciate why this is proposed in this application.

- *The City of Revelstoke's Planning Department has reviewed the proposed zoning and is satisfied with the definition for accommodation pods. The definition was kept flexible enough to allow for a variety of types that can accommodate wheelchairs, building code requirements, etc., without specifically having to be a "tree house".*
- *Secondary uses are ancillary to the "permitted use" by law.*
- *I believe that the City has hired competent professionals with relevant experience to review these types of applications. I believe that if they had seen the need to limit uses to accommodation pods only, or restrict the secondary uses to 20%, they would have stated so in their recommendation or said this to me in our meetings prior to submission of the application. It is not up to RMR to tell the City of Revelstoke how it should draft its own bylaws. I will leave that to the experienced city staff.*

15. I have responded to the April 27 comments and I am sure that Council has had time to consider both sides of the argument.

- *As of July 17th at 3:20pm I cannot find any indication that there is a similar style accommodation zone designation area at either Red Mountain, Sun Peaks or Fernie. Are we comparing apples to apples? How applicable will their feedback be to this particular application for this style of accommodation area? Please see my response to Mr. Harry Measures letter that highlights Red Mountain as support for Mr. Gaglardi. Mr. Measure's letter has also been included on Northland's website. You will see that in this case Mr. Measure is comparing infill housing (again not proposed with this rezoning) to this accommodation area. Again, Mr. Gaglardi is very poorly informed.*

16. This application is following the standard timeline. In fact, it has already been delayed twice (1 month) before going to Council. I appreciated the comments from Councilor Nixon at the June 28th Council Meeting. She recognized that this application is not being fast-tracked through the City, but is following due process as laid out under law, and should continue to follow due process.

- *This is another inappropriate suggestion that the City of Revelstoke and Council is being coerced and influenced by me, with the intent of misinforming the public.*
- *The OCP as already stated is not being changed as Mr. Gaglardi is claiming it is merely being amended to incorporate the Camozzi bench area.*

17. See above.

18. Please refer to my comments in the "General Response to RMR's Claim of an Unfair Advantage" section above and my response to #5, where I highlight how important lift ticket sales actually are to a resorts revenue stream.

- *My suggestion of increased lift revenue represents 100% income without any significant investment on Northland's behalf. The \$1.9-\$3.8 million RMR would receive in lift tickets was calculated to try and show how this development would mutually benefit Northland's, without them having to invest a single dollar.*

19. Please refer to my comments in the "General Response to RMR's Claim of an Unfair Advantage" section above.

20. I believe that we have seen the results of a stalled resort over the last 8 years. Camozzi Bench represents the first real investment in the resort since Northland's took over in 2008. Please refer to my comments in the "General Response to RMR's Claim of an Unfair Advantage" section above.
21. I have met with Rob Toor in the last few months and reached out to Graham Rennie, Rob Toor, and Peter Nielson via email offering to meet in person or talk on the phone. Not one of them have responded to my requests in any meaningful way to date. My proposal to install a lift to service the lower mountain as detailed in my application is genuine and I am happy to discuss this with RMR at any-time.
22. I would like to point out that I have paid a substantial premium for the lands I've acquired versus the cost of the Crown land made available to Northland as a result of the tenure. Under the terms of the tenure RMR are obliged to invest in on-mountain infrastructure in order to acquire these lands. However, these are the terms of the agreement to which RMR agreed to and have nothing to do with land that is outside of that tenure agreement. Northland's are failing to point out that the ultimate beneficiary of this on-mountain infrastructure is actually them, as they are the owner and operator, and will receive the on-going revenues from this potentially substantial mountain resort.
23. Please refer to my comments in the "General Response to RMR's Claim of an Unfair Advantage" section above. RMR may well have 200 acres of land, but if the City of Revelstoke has deemed their "serviced" land to be unsatisfactory to the point that it won't issue building permits, this is an empty promise to distract residents and Council from this application's merit. That Northland's cannot find a single buyer says more about Northland's, than it does about the hardships they face. The only party devaluing the resort lands is Northland's themselves by failing to rectify the many issues of their making.
- *Further to this, The Revelstoke Review spoke to Graham Rennie on Monday July 18th and asked why the resort wouldn't build its own new hotels.*
 - *Mr. Rennie replied, "The first thing we need to do is have demand. That demand is not there yet."*
 - *So if RMR don't want to take the risk, but am willing to, why are they so opposed to this application.*
24. I urge Northland's to rectify the servicing issues with their lands and then hire an independent group to market and sell these lands so we can see development at RMR once again.
25. In terms of density, Camozzi Bench is far less of an impact than the surrounding Resort Core Zoning. Camozzi Bench represents a responsible "transition zone" between the 8-storey buildings allowed within Resort Core Zoning, and the more rural area surrounding the property to the west and south. Trees will be retained as visual buffers, effectively shielding the visual impact of the Resort from the surrounding rural landscape, while providing the benefit of higher density and commercial tax rates. This will alleviate the short-term lack of 4+ star accommodation, while providing long-term, complimentary investment adjacent to the resort. This will bring more people to Revelstoke to recreate, stay and shop. The City of Revelstoke benefits, the downtown core benefits, and Revelstoke Mountain Resort benefits.
26. I could not agree with this statement more... "development should be occurring on lands that are intended for development..." Mr. Gaglardi, Revelstoke is still waiting. In the meantime, while we wait, I have committed to investing in a unique accommodation area that will bring more visitors to Revelstoke, increase 4-season tourism visits and create a long-term economic benefit for the Resort, Downtown and the City of Revelstoke.

I urge City Council to approve my rezoning application as this is the best land use for this 18 acres adjacent to the resort. Despite the comments made by Northland's if they look calmly at my application they will see that it is also in their best interests. The context of this rezoning application has been in the public domain for more than 2.5 years and has not changed. I am making considerable concessions to Northland's and urge them to move forward with development at RMR as they are obliged to do under the terms of the Provincial tenure.

Regards,

A handwritten signature in black ink, appearing to read 'David Evans', with a long horizontal line extending to the right.

David Evans

Attachment #1

Bob Gaglardi Monashee Estates Letter



City of Revelstoke

P.O. Box 170, Revelstoke, British Columbia V0E 2S0
www.cityofrevelstoke.com info@cityofrevelstoke.com

REGISTERED MAIL

October 25, 2012

**Gateway Property Management
124 Seymour Street
Kamloops, BC – V2C 2E1**

**RE: Monashee Estates, Revelstoke Mountain Resort
Lot 1, Section 13, Twp 23, Rge 2, W6M, Kootenay District,
Plan NEP 87582
Bare land strata Road and Services Construction**

The City of Revelstoke has put Northland Properties Corporation and Mark Lloyd on written notice, based on the letter from MJL Engineering dated October 23, 2102 of which a copy is attached, that the City does not consider that services to lots in the Monashee Estates subdivision have been or are being properly constructed.

With this letter the City puts the strata corporation for Strata Plan NEP 87582 and strata lot owners on notice that the City may refuse to permit the connection of the sanitary sewer, water and drainage works in the subdivision to City infrastructure until the on-site services comply with the requirements of the Bare Land Strata Regulations.

The City may also refuse to issue occupancy permits for residential buildings in the subdivision if the utility systems to which they are connected do not comply with those requirements. It is the responsibility of the developer of the subdivision to ensure that these systems are constructed in accordance with the B.C. Building Code and good engineering practice.

The City suggests that the strata corporation, as the entity that will be responsible for operating and maintaining these on-site works in perpetuity, also has a significant interest in ensuring that they have been properly constructed.

Please ensure that this information is provided to individual strata lot owners in the subdivision.

ADMINISTRATION

216 Mackenzie Avenue
Tel: (250) 837-2911
Fax: (250) 837-4930

**ECONOMIC DEVELOPMENT
COMMISSION**

204 Campbell Avenue
P.O. Box 2398
Tel: (250) 837-5345
Fax: (250) 837-4223

**FINANCE/PROPERTY
TAX DEPARTMENT**

216 Mackenzie Avenue
Tel: (250) 837-2161
Fax: (250) 837-3632

FIRE DEPARTMENT

227 West Fourth Street
Tel: (250) 837-2884
Fax: (250) 837-4171

**PARKS & RECREATION
DEPARTMENT**

Community Centre
600 Campbell Avenue
Tel: (250) 837-9351
Fax: (250) 837-9355

**PLANNING-BUILDING-
BYLAW ENFORCEMENT**

216 Mackenzie Avenue
Tel: (250) 837-3637
Fax: (250) 837-3632

**PUBLIC WORKS
DEPARTMENT**

1200 E. Victoria Road
Tel: (250) 837-2001
Fax: (250) 837-2059

If you have any questions, please call or email – jguenther@revelstoke.ca.
Sincerely,

John J. Guenther

Planning Director and Approving Officer

cc. Strata Owners – Monashee Estates

Building Inspection

Engineering and Public Works

Northland Properties: Attention: Bob Gaglardi and Rob Toor

Fire and Rescue Services: Attention: Chief Rob Girard

Resort Branch: Attention: Terry Pratt

Ministry of Environment: Attention: Cory Legebokow



N O R T H L A N D

Via Email

October 19, 2012

City of Revelstoke
Planning, Building Dept
216 Mackenzie Ave
Revelstoke, B.C. V0E 2S0

Attention: Gord Hall, Toney Edwards, Tim Palmer & Jamie Lawson

Gentlemen,

RE: RMR Monashee Estates Subdivision Roadway

We are writing this letter to explain our situation on the above mentioned. We find ourselves in a very difficult situation, in that we are coming to the end of our paving season faced with contract obligations to the current lot owners and having issues with the City of Revelstoke. We are faced with severe issues from both parties. We also accept that this predicament is one of our own making due to all the mistakes we have made. We have nobody to blame but ourselves for the time constraints we find ourselves in.

We would like you to understand our view of the items outlined below:

1) Sub Base

The former engineer suggested that we excavate the road down to the level of both the water line and the sewer line and to a lesser extent the electrical, gas and cable services. This meant excavating approximately 6 to 8 feet for the entire road, blasting out the rock (to a 4" minus) and storing this material along Mountain Road, putting in the services, then hauling back the blasted rock for the road sub base. Our company accepted this proposal, which meant we blasted a total of 33,000 cubic meters of rock, hauled it out and brought it back for our sub base, total of 18" inches in depth was brought back and placed on the roads. Unfortunately, and this was our fault, that in the hauling in and out we picked up some finer materials as well. We are now having samples of the materials used tested, as the only problem this has caused is the ability to drain properly as the compaction test was completed by proof rolling and has been witnessed and passed by an engineer.

NORTHLAND PROPERTIES CORP.

Suite 310-1755 West Broadway, Vancouver, BC, Canada V6J 4S5 T 604.730.6610 F 604.730.4645 www.northland.ca

2) Sanitary Line

This has created some problems for us which has used up a lot of time, but now we are to the point of finalizing the camera work and having our engineer sign off. If there is any required remediation work, we will do what is required to ensure that it will be passed by an engineer.

3) Light Standards

We have the ability to move the light standards, so when the roadway is complete, if required we will relocate any light standards to the correct position that meets the requirements for the roadway and the City's requirements. This also holds true for the electrical boxes as well.

4) Hammer Head Turn Around

Upon accessing the area, where the original design calls for a cul-de-sac it has been determined that the layout proposed does not work within the confines of what is existing, taking in locations of services, terrain and property lines. There for an MOT and Municipal approved hammer head turnaround is best suited and has been proposed by our civil engineer.

5) Surveying

We will be utilizing the services of a B.C. Land Surveyor to survey the road and complete the as built drawings as well as finish the block posting of the lots.

I wish to compromise in the following manner in two stages, fall and spring:

Fall (Oct/Nov) 2012

- 1) Obtain the studies on the sub-base
- 2) Finalize the sewer system camera work
- 3) Finish and test the water main
- 4) Pave the roadway 1½"

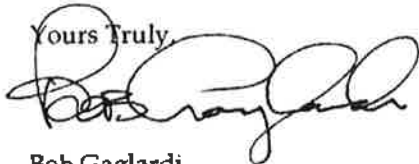
Spring (May/June) 2013

- 1) Move the light standards and electrical boxes to conform to the roadway, ski-backs and City requirements
- 2) Complete the survey work
- 3) Construct the curbs (although we don't agree that this is the most desirable time to do this, due to construction of the buildings)
- 4) Place the balance of 1½" asphalt

This compromise is far from perfect for all of us and we accept all the blame, but if we don't do this, we will spend a significant time in court with conflict to the lot owners, and lose some of the sales by having to refund the purchase price of the lots. This hurts more as the former owners of RMR received this money and all we are doing is paying the costs without the benefit, with possible penalties if we don't complete.

I trust this letter brings some understanding of these issues and why and how we are in the place we are. We would appreciate your co-operation in this situation. We accept that the City's responsibility is to ensure that no citizen of Revelstoke is ever made responsible for any funds the City has to provide for RMR and we are more than happy to discuss that issue with you to ensure that would never happen.

Yours Truly,

A handwritten signature in black ink, appearing to read "Bob Gaglardi". The signature is fluid and cursive, with a large initial "B" and "G".

Bob Gaglardi
CEO