

**DESTINATION CASINO PROJECT DEVELOPMENT AMENDMENT
AGREEMENT**

THIS AGREEMENT made the 10th day of December, 2007

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE
OF BRITISH COLUMBIA, represented by the Minister of Public
Safety and Solicitor General

(the "Province")

OF THE FIRST
PART

AND: CORPORATION OF THE CITY OF NEW WESTMINSTER
City Hall, 511 Royal Avenue, New Westminster, B.C.

(the "Host")

OF THE SECOND
PART

AND: GATEWAY CASINOS & ENTERTAINMENT INC.
4320 Dominion Street
Burnaby, B.C.

(the "Proponent")

OF THE THIRD
PART

AND: BRITISH COLUMBIA LOTTERY CORPORATION
74 West Seymour Street
Kamloops, B.C.

("BCLC")

OF THE FOURTH
PART

WHEREAS:

- A. A Destination Casino Project Development Agreement (the "Original DAC Agreement") was entered into by the Province, the Host, BCLC, and Star of Fortune Gaming Management (B.C.) Corp. on or about May 4, 1999.

- B. Effective November 16, 2007, and following the purchase by New World Gaming Partners Ltd. ("Original New World") of Star of Fortune Gaming Management (B.C.) Corp. ("SOF"), SOF and Original New World were amalgamated to form New World Gaming Partners Ltd.
- C. Effective December 5, 2007, New World Gaming Partners Ltd and New World Gaming Partners Holdings Ltd. were amalgamated and the amalgamated corporation changed its name to Gateway Casinos & Entertainment Inc., whereupon Gateway Casinos & Entertainment Inc. became the Proponent, by succession, under the original DAC Agreement and this Agreement.
- D. The Province, the Host, BCLC, and the Proponent wish to enter into this Agreement to replace the Original DAC Agreement and to conclude all entitlements and obligations under the Original DAC Agreement and in particular to facilitate the financing and completion, in terms consistent with this agreement, of the:
 - (a) Host Priority Projects described in Schedule "A" and Schedule "B";
 - (b) The Host Supplemental Project described in Schedule "A" and Schedule "B";
 - (c) New Proponent Projects to be described in Schedule "C" and Schedule "D"; and
 - (d) Proponent Historical Projects described in Schedule "E".
- E. The Original DAC Agreement provides that in the event the amount of DAC available for Eligible Costs during the term of such agreement was greater than that paid to the Proponent for Eligible Costs pursuant to terms of such agreement the Host would be at liberty to apply to the Province, under the terms of that agreement, to propose additional costs and expenses on account of additional improvements and enhancements as eligible costs.
- F. Under the terms of the Original DAC Agreement the Province agreed to contribute up to one-sixth of Net Gaming Income from Casino Gaming to the Proponent as DAC.
- G. The Proponent has agreed to limit its further DAC entitlements to completion of approved New Proponent Projects to be set out in Schedules "C" and "D" hereto, and approved Historical Proponent Projects set out in the Schedule "E" hereto, and has agreed not to propose any additional eligible costs and expenses on account of additional improvements to the Province.
- H. The Host has, pursuant to the terms of the Original DAC Agreement, proposed additional eligible costs and expenses to the Province on account of

improvements and enhancements consistent with this Agreement, and the Province has agreed to the proposed additional eligible costs for these projects and will make available DAC payments to the Host, on the terms and conditions herein.

- I. Under the terms of the Host Financial Assistance Agreement (the "HFAA") entered into on or about May 4, 1999, the Province makes payments of up to one-sixth of Net Gaming Income from the Star of Fortune Casino to the Host, as financial assistance.
- J. Concurrent with, and as consideration for this Agreement being entered into, the Province and the Host have agreed to enter into an agreement to amend the HFAA, reducing the amount paid to the Host as host financial assistance from one-sixth to 10% of Net Gaming Income as financial assistance effective as of December 10, 2007.
- K. The Province and the Host have agreed to adjust the available DAC payable under this Agreement to a maximum of 23.34% of DAC Available Net Gaming Income in consideration for the reduction in host financial assistance referred to in Recital F herein.
- L. The Province has estimated that the amount of DAC, derived from Net Gaming Income, that will have accumulated and remain unpaid as of December 9, 2007 will be approximately \$4,900,000.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties agree as follows:

PART 1 – DEFINITIONS AND DETERMINING AVAILABLE DAC

DEFINITIONS

- 1. In this Agreement, including the Recitals, Schedules and Exhibits hereto, unless the context otherwise requires, the following terms have the following meanings:
 - (a) "Approval Date" means June 10, 2008;
 - (b) "Casino Gaming" has the same meaning given it in the COSA;
 - (c) "Completion Date", means the date by which the Province reasonably determines that a specific project is complete;
 - (d) "Development Assistance Compensation Available Income" or "DAC Available Income" – for the purpose of this Agreement means the Net Gaming Income earned by the Starlight Casino from the following:

- (i) From slots, the percentage of slot win from 300 slot machines out of the total number of operational slot machines in the Starlight Casino; and
 - (ii) From table games, the percentage of table win from 30 table games out of the total regular operational table games in the Starlight Casino;
- (e) “Development Assistance Compensation” or “DAC” for the purposes of this Agreement, means an amount up to but not more than 23.34% of DAC Available Income earned by the Starlight Casino;
- (f) “DAC Confirmation Agreement” means the DAC Confirmation Agreement among BCLC, Star of Fortune Gaming Management (B.C.) Corp., and New World Gaming Partners Ltd., made effective as of November 16, 2007;
- (g) “Eligible Costs” means the costs and expenses incurred, eligible for DAC and approved by the Province in relation to the components of the:
 - (i) Host Projects as described in Schedule “A” and Schedule “B” hereto, and
 - (ii) New Proponent Projects to be described in Schedule “C” and Schedule “D” hereto; and
 - (iii) Historical Proponent Projects as described in Schedule “E” hereto;
- (h) “Host Priority Projects” means the improvements and other enhancements described as Priority Projects 1, 2, and 3, in Schedule “A” hereto, as amended from time to time with the agreement of the Host and the Province;
- (i) “Host Projects” means the improvements and other enhancements comprising Host Priority Projects and Host Supplemental Projects described in Schedule “A” hereto, as amended from time to time with the agreement of the Host and the Province;
- (j) “Host Supplemental Projects” means the improvements and other enhancements described as Priority Project 4 and Priority Project 5 in Schedule “A” hereto, as amended from time to time with the agreement of the Host and the Province;
- (k) “Minister” means the Minister of Public Safety and Solicitor General and includes the Deputy Minister of Public Safety and Solicitor General and

any person designated by either of them to act for or on their respective behalf with respect to any provision of this Agreement;

- (l) "Multiple Casino Operational Services Agreement or "COSA" means the Casino Operational Services Agreement made as of November 16, 2007 between the Proponent, New World Gaming Partners Holdings Ltd. and BCLC, as same may be amended from time to time;
- (m) "Net Gaming Income" means the Win from Casino Gaming less:
 - (i) Fees payable to the Service Provider pursuant to the provisions of the COSA, and
 - (ii) BCLC's administrative and operating costs of conducting, managing and operating Casino Gaming as determined by BCLC in accordance with generally accepted accounting principles from time to time;
- (n) "Original DAC Agreement" has the meaning given it in Recital A;
- (o) "Proponent Historical Projects means the Proponent Projects described in Schedule "E" hereto;
- (p) "Proponent New Projects" means the Proponent Projects to be described in Schedules "C" and "D" hereto;
- (q) "Proponent Projects" means the improvements and other enhancements comprising Proponent New Projects and Proponent Historical Projects to be described in Schedules "C" and "D" and "E" hereto, as amended from time to time with the agreement of the Proponent, BCLC, the Host and the Province;
- (r) "Service Provider" has the meaning given it in the COSA;
- (s) "Star of Fortune Casino" has the meaning given it in the COSA;
- (t) "Starlight Casino" means the Starlight Destination Casino located at 350 Gifford Street, Queensborough, New Westminster, B.C.;
- (u) "Term" means the term described in Paragraph 3 of this Agreement and any extension or renewal of that Term;
- (v) "Win" means for any period the aggregate of all revenues collected by BCLC from Casino Gaming less the aggregate of all Winnings; and

- (w) “Winnings” means the amount of money payable to a player as a consequence of monies paid by the player to participate in Casino Gaming and the performance by the player of the acts necessary to entitle the player to payment of such money.

ACKNOWLEDGEMENTS AND CONSENTS

2. The parties hereto each consent, acknowledge and agree that:
 - (a) the Original DAC Agreement shall be amended and restated by this Agreement such that the Original DAC Agreement shall have no force or effect (without any lapse occurring) and the terms, conditions, covenants and obligations as set out in this Agreement shall govern the contractual relationship between the parties in respect of the subject matter hereof in place of the Original DAC Agreement;
 - (b) The Star of Fortune Casino may be relocated to the Starlight Casino location effective as of December 10, 2007;
 - (c) BCLC and the Proponent shall be entitled to enter into a casino operational services agreement, or to amend the COSA to make it applicable to the Starlight Casino, effective December 10, 2007 and such agreement or revised COSA may include any other terms agreed to between BCLC and the Proponent; and
 - (d) The amended COSA or new casino operational services agreement may be amended from time to time with the sole agreement of BCLC and the Proponent.

TERM

3. The Term of this Agreement will commence on December 10, 2007 and continue until the end of
 - (a) June 30, 2019; or
 - (b) The date all the required available DAC payments have been made by the Province to the Host and the Proponent pursuant to this Agreement,whichever date shall first occur.

APPLICATION OF *FINANCIAL ADMINISTRATION ACT*

4. Notwithstanding any other provision of this Agreement, the obligation of the Province to pay available DAC pursuant to this Agreement is subject to the provisions of the *Financial Administration Act*.

DETERMINING AVAILABLE DAC

5. On or before January 15, 2008, the Province will determine the amount of available DAC accumulated for the period December 10, 2007 through December 31, 2007, based on Net Gaming Income calculated by BCLC and reported to the Province.
6. Throughout the Term of this Agreement, commencing April 15, 2008, the Province will, for each three month period, on or before the 15th day of January, April, July and October in each year of the Term, determine the amount of available DAC received during the preceding three months, based on the Net Gaming Income received during the preceding three months, to be calculated by BCLC and reported to the Province.
7. Of the available DAC derived from Net Gaming Income as of December 9, 2007, pursuant to the Original DAC Agreement. The full amount:
 - (a) Shall be attributed and available exclusively to support approved Proponent Historical Projects, under the Original DAC Agreement; and
 - (b) As appropriate and consistent with this Agreement, shall form part of the payments under Paragraph 14 of this Agreement.

PART 2 – PROPONENT PROJECTS PROVISIONS

DETERMINING ELIGIBLE COSTS PAYABLE TO THE PROPONENT

8.
 - (a) To be eligible for DAC, Proponent New Projects must be proposed and agreed to by the parties to this Agreement by June 10 2008, being six months from the effective date of this Agreement, and after which no further Proponent Projects will receive consideration under this Agreement.
 - (b) Proponent New Projects become part of this Agreement when they are approved by the Province, BCLC, and the Host, and are described in Schedule “C” and Schedule “D”, as amended, through a separately executed amendment agreement signed by all of the parties hereto.
 - (c) For greater clarity, provisions pertaining to Proponent New Projects described in Schedule “C” and Schedule “D” are without force or effect until and unless such projects meet the requirements under Subparagraphs (a) and (b) in this Paragraph 8.

9. Eligible Costs for the Proponent Projects shall be determined and approved by the Province and BCLC and information regarding those Eligible Costs shall be provided by the Proponent as follows:
 - (a) Only costs and expenses for matters itemized in Schedule "D" and Schedule "E" may be included as Eligible Costs.
 - (b) The Proponent will submit to BCLC and the Province, in arrears, on or before the 5th day of January, April, July and October in each year of the Term of this Agreement, until a final statement of Eligible Costs is submitted under (c), a written statement of account for proposed Eligible Costs, in a form and manner acceptable to BCLC and the Province listing, in reasonable detail, any and all Eligible Costs incurred and claimed for the three months preceding the month in which the statement is submitted together with receipts, where applicable.
 - (c) The Proponent must submit a final and completed statement of Eligible Costs for individual Proponent Projects, no later than one year after the project Completion Dates to be set out in Schedule "D" and as set out in Schedule "E" to this Agreement.

MAXIMUM DAC PAYABLE

10. The maximum amount of available DAC which may be paid for approved Eligible Costs by the Province to the Proponent for Proponent New Projects pursuant to this Agreement is the lesser of:
 - (a) \$28.6 million, or
 - (b) The amount of available DAC paid as of July 15, 2019, or
 - (c) The total value of eligible expenditures on behalf of Eligible Costs incurred for approved Proponent New Projects described in Schedule "D".
11. The maximum amount of Eligible Costs for which available DAC may be paid for approved Eligible Costs by the Province to the Proponent for Proponent Historical Projects (Schedule "E") pursuant to this Agreement is \$10,013,067.

PAYMENT OF AVAILABLE DAC TO PROPONENT

12. Available DAC will be paid by the Province to the Proponent for Eligible Costs subject to the sources of funding other than DAC having been fully applied to Eligible Costs prior to or at completion of the Proponent project.
13. For clarification, no available DAC shall be paid by the Province to the Proponent for the Proponent's financing costs.

14. The Province will pay available DAC to the Proponent as follows:
 - (a) Commencing January, 2008 the Province will pay available DAC quarterly on or before the 20th day of January, April, July, and October in each calendar year to the Proponent on account of approved Eligible Costs for the three months immediately preceding the month in which the statement is submitted under Subparagraph 9(b); but
 - (b) The Province shall not under any circumstances be required to make any payment for, or approve, any Eligible Costs related to the Proponent Projects that are submitted after one year from the individual project Completion Date; and
 - (c) The Proponent shall not under any circumstances receive any payment for, or have approved, any Eligible Costs related to the Proponent Projects that are submitted after one year from the individual project Completion Date.
15. The Province may withhold from the Proponent
 - (a) any payment of available DAC in an amount equal to the previous payments that have not, in the opinion of the Province, been received by the Proponent on account of approved Eligible Costs, or
 - (b) any payment of available DAC in the event a default described in Paragraph 25 has occurred and has not been remedied to the satisfaction of the Province.
16. The Proponent will forthwith repay to the Province upon demand, all available DAC paid to the Proponent pursuant to Paragraph 14 that, in the opinion of the Province, has not been received by the Proponent on account of approved Eligible Costs.

PROPONENT'S RECORDS

17. The Proponent covenants and agrees with BCLC and the Province to do the following until the earlier of the termination of this Agreement or payment in full of all DAC payable under this Agreement:
 - (a) To establish and maintain accurate books of account and records (including, supporting documents) of all costs and expenses of construction and development of the Proponent Projects, including without limitation, all Eligible Costs;
 - (b) To permit BCLC and the Province at any time or times during normal business hours, to copy or audit, or both, any or all of the books of account

and records (including, supporting documents) referred to Subparagraph (a) of this paragraph; and

- (c) To submit to BCLC and the Province within 60 days of the termination of this Agreement for whatever reason, for any period which has not been reported on, an accounting of all costs and expenses of constructing and developing the Proponent Projects for the unreported period together with a project to date accounting of all costs and expenses of constructing and developing the project in a form and content satisfactory to the Province and certified true and correct by a person acceptable to the Province.

PROPONENT'S COVENANTS TO THE PROVINCE AND HOST

18. The Proponent covenants and agrees with the Province and the Host:

- (a) To limit its further DAC entitlements to the completion of approved New Proponent Projects, to be set out in Schedule "D" hereto, and approved Historical Proponent Projects set out in the Schedule "E" hereto, and not to propose any additional Eligible Costs and expenses on account of additional improvements to the Province.
- (b) To use its best efforts to promote tourism, local job creation and economic development within the jurisdiction of the Host.

PROPONENT'S COVENANTS TO THE PROVINCE, HOST AND BCLC

19. The Proponent covenants and agrees with the Province, Host and BCLC:

- (a) To construct the Proponent Projects at the location and in accordance with the terms and conditions of this Agreement, including the design, plans, specifications and standards to be set out in Schedules "C" and "D" and set out in Schedule "E" hereto, subject to such modifications as may be agreed to in writing by the parties from time to time;
- (b) To complete construction of the Proponent Projects on or before the completion dates to be set out in Schedule "D" and set out in Schedule "E";
- (c) That the Province, the Host and BCLC shall have the right to inspect the construction and completion of the Proponents Projects at all reasonable times;
- (d) That the Proponent shall be solely responsible for all costs associated with or pertaining to the design, plans, specifications, construction, finishing and equipping of the Proponent Projects;

- (e) To do or cause to be done the following:
 - (i) Ensure that all applicable bylaws, including zoning bylaws, building codes and permit requirements in connection with the construction of the Proponent Projects are complied with;
 - (ii) Obtain from the Host and all other applicable regulatory authorities all required building, utility, sign, health, sanitation and business permits and licenses and any other required permits and licenses;
 - (iii) Retain and compensate all contractors, subcontractors and other professionals required to complete the construction and finishing of the Proponent Projects;
- (f) To apply the available DAC as provided for in this Agreement only for the purposes, uses and projects and in accordance with the priorities and schedules to be set out in Schedules "C" and "D" and Schedule "E" hereto, subject to such amendments agreed to in writing by the parties hereto from time to time; and
- (g) That the Proponent's interest in the DAC provided for in this Agreement is limited to making application for and receiving payment on account of approved Eligible Costs and that apart from that interest, and until paid to and received by the Proponent, the Proponent has no proprietary, legal or beneficial interest in the DAC.

REPRESENTATIONS AND WARRANTIES OF THE PROPONENT

20. The Proponent represents and warrants to the Province, BCLC and the Host with the intent that they will rely thereon in entering into this Agreement that:
- (a) It has no knowledge of any fact that materially adversely affects, or so far as it can foresee, might materially adversely affect, its properties, assets, condition (financial or otherwise), business or operations or its ability to fulfill its obligations under this Agreement;
 - (b) It is not in breach of, or in default under, any law, statute or regulation of Canada or of the Province of British Columbia applicable to or binding on it;
 - (c) It has the power and capacity to accept, execute and deliver this Agreement;
 - (d) This Agreement is binding upon and enforceable against it in accordance with its terms;

- (e) As of the date hereof, other than in respect of the improvements set forth in Schedule "E" hereto, there are no DAC payments due or owing by the Province to the Proponent for Eligible Costs pursuant to the Original DAC Agreement or otherwise, and that one year after the latest project Completion Date in Schedule "E", the Proponent shall no longer be entitled to, under any circumstances, apply to receive any further DAC payments for Eligible Costs in respect thereof; and
- (f) It has the power and capacity to accept, execute and deliver this Agreement and this Agreement is binding upon and enforceable against it in accordance with its terms.

ASSIGNMENT AND SUBCONTRACTING BY THE PROPONENT

- 21. The Proponent will not, without the prior written consent of the Province and BCLC assign, either directly or indirectly, this Agreement or any right of the Proponent under this Agreement.
- 22. No partnership, joint venture, agency or other legal entity will be created by or will be deemed to be created by this Agreement or any actions of the parties pursuant to this Agreement.
- 23. The Proponent will not be a servant or employee of the Province, BCLC or the Host.
- 24. The Proponent has no authority to, nor will it in any manner whatsoever commit or purport to commit the Province, the Minister, BCLC or the Host to the payment of money to any person, firm or corporation.

EVENTS OF DEFAULT BY THE PROPONENT

- 25. The following shall be events of default by the Proponent, namely:
 - (a) The Proponent fails to comply with any of its obligations under this Agreement including its covenants set out in Paragraphs 18 and 19 hereof;
 - (b) Any representation or warranty made by the Proponent in this Agreement is untrue or incorrect;
 - (c) A change occurs with respect to any one or more, including all, of the properties, assets, condition (financial or otherwise), business or operations of the Proponent which, in the reasonable opinion of the Minister, materially adversely affects the ability of the Proponent to fulfill its obligations under this Agreement;

- (d) Any information, statement, certificate, report or other document furnished or submitted by or on behalf of the Proponent pursuant to or as a result of this Agreement is untrue or incorrect;
- (e) An order is made or a resolution is passed or a petition is filed for the liquidation or winding up of the Proponent;
- (f) The Proponent becomes insolvent or commits an act of bankruptcy or makes an assignment for the benefit of its creditors or otherwise acknowledges its insolvency;
- (g) A proposal is filed by or a receiving order is made against the Proponent pursuant to the provisions of the *Bankruptcy and Insolvency Act (Canada)*;
- (h) A receiver or receiver-manager of any property of the Proponent is appointed;
- (i) The Proponent permits any sum which is not disputed to be due by it to remain unpaid after legal proceedings have been commenced to enforce payment thereof; or
- (j) The Proponent ceases to perform its obligations under this Agreement.

PART 3 – HOST PROJECT PROVISIONS

APPROVAL OF ELIGIBLE COSTS BEFORE PAYMENT OF DAC

- 26. Costs incurred by the Host for completed improvements comprising the Host Projects set out in Schedule “A” and “B”, must be approved by the Province before available DAC is payable to the Host on account of the Eligible Costs in respect thereof.
- 27. Subject to Section 29, only costs and expenses incurred by the Host for matters listed in Schedule “B” can be included as Eligible Costs.

INFORMATION PROVIDED BY HOST TO PROVINCE

- 28. Until the Host submits a final statement of Eligible Costs under (b), the Host will, commencing January 5, 2008 and quarterly thereafter submit to the Province, on or before the 5th day of January, April, July and October in each year of the Term of this Agreement a quarterly statement of account for proposed Eligible Costs incurred by the Host for the three calendar months preceding the month in which the statement is submitted, subject to the following:

- (a) The statement of account shall be in a form and manner acceptable to the Province and list in reasonable detail all Eligible Costs incurred and claimed for the three months preceding the month in which the statement is submitted together with applicable receipts, if requested.
 - (b) At such time as each Host Project may be completed, the Host will submit a final statement of Eligible Costs consisting of a detailed summary and total of the Eligible Costs incurred by the Host for the Project, in a form and manner acceptable to the Province.
 - (c) The Host must submit a final statement of Eligible Costs for each Host Project required under (b) no later than one year after the Completion Date of the individual Host Project.
29. Despite any other provision of this Agreement, nothing in this Agreement obligates the Host to construct a Host Project or otherwise to incur a capital liability, and the Province's obligation to make a payment is conditional on the Host constructing a Host Project.

MAXIMUM DAC PAYABLE

30. The maximum amount of available DAC which may be paid for approved Eligible Costs by the Province to the Host pursuant to this Agreement is the lesser of:
- (a) \$46.2 million, or
 - (b) the amount of available DAC paid as of July 15, 2019, or
 - (c) the total amount expended on Host Priority Projects 1 through 3 on Schedule "B".
31. In addition to amounts under Paragraph 30 the maximum amount that the Host may be paid for approved Eligible Costs for Host Supplemental Projects by the Province from DAC funds not allocated to the Proponent is the lesser of:
- (a) \$14.3 million, or
 - (b) the unallocated DAC for approved New Proponent Projects, or
 - (c) the total amount expended on Priority Project 4 and Priority Project 5 on Schedule "B".

PAYMENT OF AVAILABLE DAC

32. Commencing January 15, 2008 the Province will pay available DAC quarterly on or before the 20th day of January, April, July and October in each year of the Term of this Agreement to the Host on account of approved Eligible Costs, provided:
- (a) Any available DAC calculated but not paid or applied against approved Eligible Costs as part of a quarterly payment shall be retained by the Province until such time as the Host may later comply with the requirements of Paragraph 27.
 - (b) No DAC shall be paid by the Province to the Host for Eligible Costs for a project statement of account submitted more than one year after the project Completion Date.
 - (c) The Province may withhold from any payment of available DAC an amount equal to the portion of the previous payments that have not, in the opinion of the Province, been received by the Host on account of approved Eligible Costs.
 - (d) The Host will forthwith repay to the Province upon demand, all available DAC paid to the Host that, in the opinion of the Province, has not been received by the Host on account of approved Eligible Costs.

HOST WARRANTIES AND COVENANTS TO THE PROVINCE

33. The Host warrants, covenants and agrees with the Province that the Host:
- (a) Is not an agent, employee or servant of the Province or BCLC.
 - (b) Subject to Section 29, will complete construction of the individual Host Projects prior to Completion Dates listed in Schedule "B";
 - (c) Will be solely responsible for all costs associated with or pertaining to the design, plans, specifications, and construction of the Host Projects;
 - (d) Will do or cause to be done the following:
 - (i) Ensure that all applicable bylaws, including zoning bylaws, building codes and permit requirements in connection with the construction of the Host Projects are complied with;
 - (ii) Obtain from all applicable regulatory authorities all required building, utility, sign, health, sanitation and business permits and licenses and any other required permits and licenses;

- (iii) Retain and compensate all contractors, subcontractors and other professionals required to complete the construction and finishing of the project;
- (e) Will use the available DAC provided for in this Agreement only for the purposes, uses and projects and in accordance with the priorities and schedules set out in Schedules "A" and "B" hereto, subject to such amendments agreed to in writing by the parties hereto from time to time;
- (f) Acknowledges and covenants that there are no DAC payments due or owing by the Province to the Host for Eligible Costs pursuant to the Original DAC agreement or otherwise, and further that the Host shall not be entitled to receive and shall not under any circumstances apply to receive any further DAC payments for Eligible Costs except those relating to the Host Projects, as described in Schedules "A" and "B";
- (g) Under no circumstance whatsoever will the Province or BCLC be obligated to enforce or remedy the Proponent's covenants to the Host as set out in this Agreement;
- (h) That the Province shall have the right to inspect the construction and completion of the Host Projects at all reasonable times; and
- (i) Subject to Section 57, will use its best efforts and do all things necessary and in its power to facilitate the successful operation of the Starlight Casino and in particular, it will not do anything that directly or indirectly interferes with or affects the Province and BCLC's exclusive right to conduct, manage and operate Casino Gaming in the Starlight Casino.

HOST RECORDS

34. The Host covenants and agrees with the Province to do the following until the earlier of the termination of this Agreement or payment in full of all DAC payable under this Agreement:
- (a) To establish and maintain accurate books of account and records (including, supporting documents) of all costs and expenses of construction and development of the Host Projects, including without limitation, all Eligible Costs;
 - (b) To permit the Province at any time or times during normal business hours, to copy or audit, or both, any or all of the books of account and records (including, supporting documents) referred to in Subparagraph (a) of this Paragraph;

- (c) During the Term of this Agreement maintain an up to date accounting of all costs and expenses of constructing and developing the Host Projects in a form and content satisfactory to the Province and certified true and correct by a person acceptable to the Province; and
- (d) To submit to the Province within 60 days of the termination of this Agreement for whatever reason, for any period which has not been reported on pursuant to Subparagraph (c) of this Paragraph an accounting of all costs and expenses of constructing and developing the Host Projects for the unreported period together with a project to date accounting of all costs and expenses of constructing and developing these projects in a form and content satisfactory to the Province and certified true and correct by a person acceptable to the Province.

HOST REPRESENTATIONS AND WARRANTIES TO THE PROVINCE, BCLC AND THE PROPONENT

35. The Host represents and warrants to the Province, BCLC and the Proponent that:

- (a) Its interest in the available DAC provided for in this Agreement is limited to making application for and receiving payment on account of Eligible Costs approved by the Province, and that apart from that interest, and until paid to and received by the Host, the Host has no proprietary, legal or beneficial interest in the available DAC;
- (b) It has no authority to, nor will it in any manner whatsoever commit or purport to commit the Province to the payment of money to any person, firm or corporation;
- (c) To the Host's knowledge, all zoning, business, parking or other bylaws applicable to the Starlight Casino are and were validly enacted;
- (d) The Host has no knowledge of any fact that materially or adversely affects the Province's and BCLC's ability to conduct, manage and operate Casino Gaming in the Starlight Casino.

PROVINCE'S COVENANTS TO THE HOST

36. The Province covenants with the Host that all available DAC calculated during the Term of this Agreement will be paid on account of approved Eligible Costs in accordance with and subject to the terms and limits of this Agreement.

CONDITIONAL COVENANTS OF BCLC TO THE PROPONENT

37.

- (a) Subject to the Proponent executing and performing its obligations under this Agreement and the completion of the Host Priority Projects, Host Supplemental Project, Proponent New Projects and Proponent Historical Projects in accordance with the terms and conditions of this Agreement, BCLC covenants and agrees to conduct, manage and operate Casino Gaming in the Starlight Casino and to enter into a casino operational services agreement relating to the operation of the Starlight Casino with the Proponent or amend the COSA to include operations at the Starlight Casino.
- (b) In the event BCLC terminates the casino operational services agreement described in paragraph 37(a), for any reason set out in the said casino operational services agreement, BCLC covenants and agrees to continue conducting, managing and operating Casino Gaming in the Starlight Casino during the term of this Agreement subject to the following conditions:
 - (i) BCLC retaining the exclusive use and possession of the Starlight Casino on terms and conditions agreeable to BCLC and the party otherwise entitled to the exclusive use and possession of the Starlight Casino and failing agreement as determined by a single Arbitrator appointed under the provisions of the *Commercial Arbitration Act* (British Columbia); and
 - (ii) The costs and expenses of BCLC conducting, managing and operating Casino Gaming in the Starlight Casino, at all times being not greater than the remuneration payable to the service provider for operational services pursuant to the casino operational services agreement described in Paragraph 37(a).

EVENTS OF DEFAULT BY THE HOST

38. The following shall be events of default of the Host, namely:

- (a) The Host fails to comply with any of its obligations under this Agreement;
- (b) Any representation or warranty made by the Host in this Agreement is intentionally incorrect; or
- (c) Any information, statement, certificate, report or other document furnished or submitted by or on behalf of the Host pursuant to or as a result of this Agreement is intentionally incorrect or materially inaccurate.

PART 4 – GENERAL PROVISIONS

REMEDIES

39. Subject to the exception set out in Paragraph 40 of this Agreement, and without prejudice to any other rights and remedies of the parties hereto hereunder arising out of any default of any other party hereunder, where any party to this Agreement is of the opinion that an event of default has occurred, that party shall give notice to the other parties to the agreement specifying the event of default and requiring rectification. Upon receiving such notice from the party claiming a default, the alleged defaulting party shall have thirty (30) days to rectify the event of default. If the event of default is not rectified within the thirty (30) day period the non defaulting parties shall be at liberty to terminate the performance of their obligations to the defaulting party under this Agreement, provided that if the defaulting party shall immediately commence and diligently continue reasonable efforts to rectify the event of default, the rectification period may, at the discretion of the Province, be extended for such time as the Province deems reasonably necessary. Nothing herein shall preclude any party from exercising any remedy available to it in law or in equity arising from a breach of this Agreement by another party including, without limitation, specific performance or a claim in damages.
40. Notwithstanding any provision of this Agreement, in the event of a breach or default by the Service Provider under the terms of the COSA, BCLC shall be at liberty to forthwith exercise its remedies as set out in the COSA without further or any notice to the parties to this Agreement.

CAPACITY

41. The Host represents and warrants to the Province, BCLC and the Proponent with the intent that they will rely thereon in entering into this Agreement that it has the power and capacity to accept, execute and deliver this Agreement and this Agreement.
42. The Proponent represents and warrants to the Province, BCLC and the Host with the intent that they will rely thereon in entering into this Agreement that it has the power and capacity to accept, execute and deliver this Agreement and this Agreement is binding upon and enforceable against it in accordance with its terms.

FORCE MAJEURE

43. If a party to this Agreement is bonafide delayed or hindered in or prevented from the performance of any covenant or act required under this Agreement by reason of strikes, riots, insurrections, labor disruptions, accidents, intervention by a governmental authority, statute, law, act of God or other cause or causes beyond

the party's reasonable control (but not including impecuniosities) the party will be relieved from the fulfillment of such covenant or act during the period of such interruption and the period for like performance of any such covenant or act will be extended for a period equivalent to the period of such delay.

NOTICES

44. Any notice, consent, waiver, statement, other document or monies that any party to this Agreement may be required or may desire to give, deliver or pay to another party to this Agreement will be conclusively deemed validly given, delivered or paid to and received by the addressee, if delivered personally, on the date of delivery, or, if mailed, on the third business day after the mailing of the same in Canada by prepaid post addressed,

If to the Province or the Minister:

Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch
3rd Floor 910 Government Street
Victoria, B.C.
V8W 9N1

And if to the Host:

City Clerk
The Corporation of the City of New Westminster
511 Royal Avenue
New Westminster, B.C.
V3L 1H9

And if to the Proponent:

Chief Executive Officer
Gateway Casinos & Entertainment Inc.
#210 – 4240 Manor Street
Burnaby, B.C.
V5G 1B2

And if to the BCLC:

Chief Financial Officer
British Columbia Lottery Corporation
74 West Seymour Street
Kamloops, B.C.
V2C 1E2

45. Any party may, from time to time give written notice to the other parties of any change of address of the party giving such notice and after the giving of such notice the address therein specified will, for purposes of this Paragraph 45 be conclusively deemed to be the address of the party giving such notice.

NON-WAIVER

46. No term or condition of this Agreement and no breach of any such term or condition will be deemed to have been waived unless such waiver is in writing.
47. The written waiver of any breach of any term or condition of this Agreement will not be deemed a waiver of any subsequent breach of the same or any other term or condition of this Agreement.

ENTIRE AGREEMENT

48. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement.

FURTHER ACTS AND ASSURANCES

49. Each of the parties will, upon the reasonable request of the other, make, do, execute or cause to be made, done or executed all further and other lawful acts, deeds, things, devices, documents, instruments and assurances whatever for the better or more perfect and absolute performance of the terms and conditions of this Agreement.

TIME OF ESSENCE

50. Time will be of the essence of this Agreement.

SURVIVAL OF PROVISIONS

51. All of the provisions of this Agreement and all of the rights and remedies of the parties to this Agreement, either at law or in equity, will survive any expiration or sooner termination of this Agreement.

INTERPRETATION

52. This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.
53. The headings appearing in this Agreement have been inserted for reference and as a matter of convenience and in no way define, limit or enlarge the scope of any provision of this Agreement.
54. Any reference to a statute in this Agreement, whether or not that statute has been defined, includes all regulations at any time made under or pursuant to that statute and any amendments to that statute.

55. In this Agreement wherever the singular or neuter is used it will be construed as if the plural or masculine or feminine, as the case may be, had been used where the context so requires.
56. The Schedules to this Agreement are an integral part of this Agreement as if set out at length in the body of this Agreement.
- (a) Subject to the arbitration rights set out in section 37(b)(i) of this agreement, each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any Provincial or Federal Court of competent jurisdiction in the Province of British Columbia, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such Provincial or Federal Court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement in the courts of any jurisdiction.
- (b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any Provincial or Federal Court of competent jurisdiction in the Province of British Columbia. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

POWERS AND JURISDICTION OF PROVINCE AND HOST

57. Nothing in this Agreement affects or limits the authority, jurisdiction or power of the Province or Host, acting reasonably and in good faith, to exercise their lawful powers as government, within their jurisdiction.

SUCCESSORS AND ASSIGNS

58. This Agreement will enure to the benefit of and be binding upon the parties and their permitted assigns if any.

COUNTERPARTS AND ELECTRONIC DELIVERY

59. This Agreement may be signed in counterparts via facsimile or other electronic means, each of which shall be deemed to be an original and all of which together constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.

SIGNED on behalf of Her Majesty)
the Queen in right of the Province)
of British Columbia by a duly)
authorized representative of)
the Minister of Public Safety and)
Solicitor General)
in the presence of:)

Larry Pistell)
LARRY PISTELL)
(Witness))

DSL

For the Minister of Public Safety and
Solicitor General

Gateway Casinos & Entertainment Inc.

By: _____
(Title - Authorized Signatory)

By: _____
(Title - Authorized Signatory)

British Columbia Lottery Corporation

By: _____
(Title - Authorized Signatory)

By: _____
(Title - Authorized Signatory)

City of New Westminster

By: Wayne Wright
(Title - Authorized Signatory)

MAYOR WAYNE WRIGHT

By: Rick Page
(Title - Authorized Signatory)

**RICK PAGE
CITY CLERK**

Council Approval Resolution:

No. _____

Date: December 10, 2007

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.

SIGNED on behalf of Her Majesty)
the Queen in right of the Province)
of British Columbia by a duly)
authorized representative of)
the Minister of Public Safety and)
Solicitor General)
in the presence of:)

_____)

(Witness)

**For the Minister of Public Safety and
Solicitor General**

Gateway Casinos & Entertainment Inc.

By: 
(Title - Authorized Signatory)

By: 
(Title - Authorized Signatory)

British Columbia Lottery Corporation

By: _____
(Title - Authorized Signatory)

By: _____
(Title - Authorized Signatory)

City of New Westminster

By: _____
(Title - Authorized Signatory)

By: _____
(Title - Authorized Signatory)

Council Approval Resolution: No. _____

Date: _____

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.

SIGNED on behalf of Her Majesty)
the Queen in right of the Province)
of British Columbia by a duly)
authorized representative of)
the Minister of Public Safety and)
Solicitor General)
in the presence of:)
_____)

(Witness)

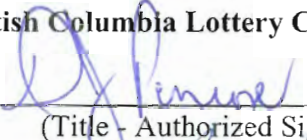
For the Minister of Public Safety and
Solicitor General

Gateway Casinos & Entertainment Inc.

By: _____
(Title - Authorized Signatory)

By: _____
(Title - Authorized Signatory)

British Columbia Lottery Corporation

By:  _____
(Title - Authorized Signatory)

By:  _____
(Title - Authorized Signatory)

City of New Westminster

By: _____
(Title - Authorized Signatory)

By: _____
(Title - Authorized Signatory)

Council Approval Resolution: No. _____

Date: _____

SCHEDULE "A"

HOST PRIORITY PROJECTS DESCRIPTION

Priority Project	Description
Priority 1	<p><u>Queensborough Parkland DAC Projects</u></p> <p>This project addresses the need to protect and enhance public parks, trails and open spaces as Queensborough transitions towards an increasingly urban character and the population density intensifies. Specific projects identified as DAC priorities include:</p> <p>Trail & Greenway Development - Continued construction of the trail & greenway program in Queensborough. Priority trail segments to include</p> <ol style="list-style-type: none"> Boundary Road between Ewen Avenue and Thompson's Landing Park at Salter Street, Stanley Street Right of Way (ROW) Trail between south shoreline to Duncan Street, South Dyke Road shoreline segments and, Duncan, Boyd and Wood Street to north shoreline segments. Wherever possible, the greenway system will include natural and historical interpretive areas and connections to the riverfront. <p>Parkland Development – Conversion of City owned lands to Neighbourhood Park and Open Spaces. Priority areas include</p> <ol style="list-style-type: none"> Vacant lands at Wood Street and Ewen Avenue to be converted to a Village Green Park standard, and Vacant lands at Ewen Avenue and Derwent Way to be converted to Neighbourhood Park standard. <p>Park Amenities – Development of specific park & recreation amenities on Park and City lands. Priorities to include:</p> <ol style="list-style-type: none"> Construction of an all-wheel skate park (skate board, in-line skating and bicycles), and Improvements to existing public picnic shelter facilities and construction of additional shelters. <p>Project Start Date: No later than January 1, 2008 Project Completion Date: December 31, 2010</p>
Priority 2	<p><u>Multi-use Integrated Downtown Civic Facility</u></p> <p>The second DAC priority is for a new multi-purpose convention/cultural facility bringing economic development and revitalization opportunities in Downtown New Westminster.</p> <p>The site location is a City owned site in Downtown New Westminster, along historic Columbia Street. The site has high public visibility and excellent access, particularly from the adjacent New Westminster SkyTrain Station. It is also directly opposite Hyack Square and the pedestrian bridge to the waterfront, and in close proximity to existing commercial development.</p>

	<p>Overview:</p> <p>The facility would be approximately 40,000 square feet with parking to accommodate 120 vehicles. Components considered for the facility include:</p> <ul style="list-style-type: none">• Arts centre with museum and archives spaces, a convention and banquet facility for 300 delegates and a 500 seat multi-purpose theatre - 26,000 square feet• Regional convention and meeting spaces – 14,000 square feet• Structured parking – to accommodate 120 vehicles <p>Project Start Date: No later than January 1, 2009 Project Completion Date: December 31, 2013</p>
Priority 3	<p><u>Expansion of Queensborough Facilities</u></p> <p>This project will provide indoor community services through the enhancement and expansion of the Queensborough Community Centre to include:</p> <ul style="list-style-type: none">• Satellite library spaces;• Community policing/public safety spaces;• Dedicated youth spaces;• Dedicated seniors spaces;• Dedicated child care spaces;• Increased community meeting and program spaces;• Health & fitness spaces; and• Specialized arts, cultural & performance spaces. <p>Project Start Date: No later than January 1, 2011 Project Completion Date: December 31, 2013</p>

Host Supplemental Project Description

Priority 4	<p><u>Queensborough Waterfront Pedestrian Bridge</u></p> <p>This project will provide an active transportation bridge between the Queensborough and Waterfront areas of New Westminster in order to:</p> <ul style="list-style-type: none">• Provide a viable alternative to car travel;• Remove vehicle trips from the network which in turn would reduce greenhouse gas emissions;• Increase health benefits to the bridge users; and• Provide an improved transportation network. <p>Project Start Date: No later than January 1, 2013 Project Completion Date: December 31, 2015</p>
-------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Priority 5	<p><u>Fraser River Discovery Dock and Facility Improvements</u></p> <p>This project will enhance recreational facilities within the Downtown waterfront area of New Westminster by:</p> <ul style="list-style-type: none">• Expanding the existing dock area next to the Fraser River Discovery Centre and Westminster Quay Market (where the Star of Fortune Riverboat Casino was docked) to increase the dock area by 1,250 square meters; and• Rehabilitate the existing dock area (600 square meters) to meet the expected needs of the expanded waterfront, accommodate fire truck loading, etc. <p>Project Start Date: No later than January 1, 2015 Project Completion Date: December 31, 2017</p>
-------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

SCHEDULE "B" HOST PROJECTS

SUMMARY OF ELIGIBLE COSTS BY PROJECT COMPONENTS

HOST PRIORITY PROJECTS			
Priority Project	Project Components	Estimated Cost	Project Completion Date
Priority 1 – Queensborough Parkland	• Trails and Greenway Development	\$ 2,778,490	December 31, 2010
	• Parkland Development	1,491,848	
	• Park Amenities	1,001,000	
	Total Estimated Project Cost	\$5,271,338	
	Maximum DAC Payable Priority Project 1	\$5,000,000	
Priority 2 – Downtown Multi- Use Civic Facility	• Regional Convention and Meeting Spaces	\$10,465,000	December 31, 2013
	• Arts and Cultural Spaces	19,435,000	
	• Structured Parking	5,328,000	
	Total Estimated Project Cost	\$35,282,000	
	Maximum DAC Payable Priority Project 2	\$35,000,000	
Priority 3 – Queensborough Facilities	• Satellite library spaces	\$715,000	December 31, 2013
	• Community policing/public safety spaces	643,500	
	• Dedicated youth spaces	572,000	
	• Dedicated seniors spaces	715,000	
	• Dedicated child care spaces	715,000	
	• Increased community meeting and program spaces	715,000	
	• Health & fitness spaces	1,430,000	
	• Specialized arts, cultural & performance spaces	715,000	
	Total Estimated Project Cost	\$6,200,000	
	Maximum DAC Payable Priority Project 3	\$6,200,000	
TOTAL, PRIORITY PROJECTS 1 TO 3		\$46,753,338	
MAXIMUM DAC PAYABLE, PRIORITY PROJECTS 1 TO 3		\$46,200,000	

HOST SUPPLEMENTAL PROJECTS			
Priority Project	Project Components	Estimated Cost	Project Completion Date
Priority 4 – Queensborough Waterfront Pedestrian Bridge	<ul style="list-style-type: none"> Feasibility study Public and agency consultation Detailed design and tender Construction 	\$50,000 \$250,000 \$500,000 9,500,000 \$10,300,000	December 31, 2015
	Total Estimated Project Cost		
	Maximum DAC Payable Priority Project 4	\$10,300,000	
Priority 5 – Fraser River Discovery Dock and Facility Improvements	<ul style="list-style-type: none"> Expanding the existing dock area next to the Fraser River Discovery Centre and Westminster Quay Market (where the Star of Fortune Riverboat Casino was docked) to increase the dock area by 1,250 square meters 	\$2,500,000	December 31, 2017
	<ul style="list-style-type: none"> Rehabilitate the existing dock area (600 square meters) to meet the expected needs of the expanded waterfront, accommodate fire truck loading, etc. 	1,500,000	
	Total Estimated Project Cost	\$4,000,000	
	Maximum DAC Payable Priority Project 5	\$4,000,000	
TOTAL, PRIORITY PROJECTS 4 AND 5		\$14,300,000	
MAXIMUM POTENTIAL DAC PAYABLE, PRIORITY PROJECTS 4 AND 5		\$14,300,000	

TOTAL, ALL PRIORITY PROJECTS	\$61,053,338
MAXIMUM POTENTIAL DAC PAYABLE, ALL PRIORITY PROJECTS	\$60,500,000

SCHEDULE "E"

PROPONENT HISTORICAL PROJECTS

From Original DAC Agreement

Proponent Project	Eligible Costs	Percentage of Eligible Costs to Attract Available DAC	Value of Eligible Expenditures	Costs Unfunded at September 30, 2007	Completion Date
Policing Costs	\$3,750,000	84.0	\$3,150,000	\$77,089	December 31, 2007
Purchase/Development of Park	\$3,000,000	100.0	\$3,000,000	\$2,503,471	December 31, 2007
Site Servicing Costs	\$5,000,000	50.5	\$2,525,000	\$361,020	December 31, 2007
Restaurant	\$8,000,000	71.0	\$5,680,000	\$3,521,486	December 31, 2007
Sports Bar	\$13,000,000	71.0	\$9,230,000	\$3,550,000	December 31, 2007
TOTAL	\$32,750,000		\$23,435,000	\$10,013,067	

SCHEDULE “C”

PROPONENT NEW PROJECTS DESCRIPTION

New Project	Description

SCHEDULE “D”

PROPONENT NEW PROJECTS

Summary of DAC Eligible Improvements

	Components	Eligible Costs (dollars)	Percentage of Eligible Expenditures to Attract Available DAC	Value of Eligible Expenditures (dollars)	Project Completion Date

**DESTINATION CASINO PROJECT DEVELOPMENT AGREEMENT
AND AMENDMENT**

THIS AGREEMENT made the 1st day of June, 2012

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE
OF BRITISH COLUMBIA, represented by the Minister of Energy
and Mines

(the "Province")

OF THE FIRST PART

AND: CORPORATION OF THE CITY OF NEW WESTMINSTER
City Hall, 511 Royal Avenue, New Westminster, B.C.

(the "Host")

OF THE SECOND PART

WHEREAS:

- A. A Destination Casino Project Development Amendment Agreement (the "2007 Amendment") was entered into by the Province, the Host, the British Columbia Lottery Corporation, and Gateway Casinos & Entertainment Inc. on or about December 10, 2007.
- B. The Province and the Host agree to enter into this Agreement to amend the 2007 Amendment.
- C. The Host has, pursuant to the terms of the 2007 Amendment, proposed revisions to eligible costs and revised dates of completion to the Province on account of improvements and enhancements consistent with this Agreement, and the Province has agreed to the proposed revised eligible costs for these projects as provided in the revised Schedule "A" and Schedule "B" and will make available Development Assistance Compensation (DAC) payments to the Host on the terms and conditions herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties agree as follows:

1. To extend the completion date of the DAC Priority 2, Multi-Use Civic Facility (MUCF) project to December 31, 2015 and increase the maximum Eligible Costs to \$43.0 million;

2. To extend the completion date of the DAC Priority 4, Queensborough Waterfront Pedestrian Bridge project to December 31, 2016;
3. To replace paragraphs 30 and 31 within the 2007 Amendment with the following:

The maximum amount of available DAC which may be paid for approved Eligible Costs by the Province to the Host pursuant to this Agreement is the lesser of:

- (a) \$60.5 million, or
 - (b) the amount of available DAC paid as of July 15, 2019, or
 - (c) the total value of eligible expenditures on Host Priority Projects 1 through 5 on Schedule "A".
4. To allow for the Host to submit to the Province, in writing, proposed revisions to the timing and/or the Eligible Costs pertaining to Host Priority Projects 2, 4, and 5 on the revised Schedule "A" and Schedule "B" with a minimum of ninety (90) days notice, subject to the thresholds described in paragraph 3 of this modification, for consideration and at the discretion of the Province;
 5. That all other aspects of the 2007 Amendment remains in effect.

IN WITNESS WHEREOF the parties hereto have executed this Agreement the day and year first above written.

SIGNED on behalf of Her Majesty)
the Queen in right of the Province)
of British Columbia by a duly)
authorized representative of)
the Minister of Energy and Mines)
in the presence of:)

S. Fair)
(Witness))

[Signature]
For the Minister of Energy and Mines

City of New Westminster
By: [Signature]
(Title - Authorized Signatory)
MAYOR WAYNE WRIGHT

By: [Signature]
(Title - Authorized Signatory)
RICK PAGE, CORPORATE OFFICER

SCHEDULE "A"

HOST PRIORITY PROJECTS DESCRIPTION

Priority Project	Description
Priority 1	<p><u>Queensborough Parkland DAC Projects</u></p> <p>This project addresses the need to protect and enhance public parks, trails and open spaces as Queensborough transitions towards an increasingly urban character and the population density intensifies. Specific projects identified as DAC priorities include:</p> <p>Trail & Greenway Development – Continued construction of the trail & greenway program in Queensborough. Priority trail segments to include</p> <ol style="list-style-type: none"> a. Boundary Road between Ewen Avenue and Thompson's Landing Park at Salter Street, b. Stanley Street Right of Way (ROW) Trail between south shoreline to Duncan Street, c. South Dyke Road shoreline segments and, d. Duncan, Boyd and Wood Street to north shoreline segments. Wherever possible, the greenway system will include natural and historical interpretive areas and connections to the riverfront. <p>Parkland Development – Conversion of City owned lands to Neighbourhood Park and Open Spaces. Priority areas include</p> <ol style="list-style-type: none"> i) Vacant lands at Wood Street and Ewen Avenue to be converted to a Village Green Park standard, and ii) Vacant lands at Ewen Avenue and Derwent Way to be converted to Neighbourhood Park standard. <p>Park Amenities – Development of specific park & recreation amenities on Park and City lands. Priorities to include:</p> <ol style="list-style-type: none"> i) Construction of an all-wheel skate park (skate board, in-line skating and bicycles), and ii) Improvements to existing public picnic shelter facilities and construction of additional shelters. <p>Project Start Date: No later than January 1, 2008 Project Completion Date: December 31, 2010</p>
Priority 2	<p><u>Multi-use Integrated Downtown Civic Facility</u></p> <p>The second DAC priority is for a new multi-purpose convention/cultural facility bringing economic development and revitalization opportunities in Downtown New Westminster.</p> <p>The site location is a City owned site in Downtown New Westminster, along historic Columbia Street. The site has high public visibility and excellent access, particularly from the adjacent New Westminster SkyTrain Station. It is also directly opposite Hyack Square and the pedestrian bridge to the waterfront, and in close proximity to existing commercial development.</p>

	<p>Overview:</p> <p>The facility would be approximately 40,000 square feet with parking to accommodate 120 vehicles. Components considered for the facility include:</p> <ul style="list-style-type: none"> • Arts centre with museum and archives spaces, a convention and banquet facility for 300 delegates and a 500 seat multi-purpose theatre - 26,000 square feet • Regional convention and meeting spaces – 14,000 square feet • Structured parking – to accommodate 120 vehicles <p>Project Start Date: No later than January 1, 2009 Project Completion Date: December 31, 2015</p>
Priority 3	<p><u>Expansion of Queensborough Facilities</u></p> <p>This project will provide indoor community services through the enhancement and expansion of the Queensborough Community Centre to include:</p> <ul style="list-style-type: none"> • Satellite library spaces; • Community policing/public safety spaces; • Dedicated youth spaces; • Dedicated senior spaces; • Dedicated child care spaces; • Increased community meeting and program spaces; • Health & fitness spaces; and • Specialized arts, cultural & performance spaces. <p>Project Start Date: No later than January 1, 2011 Project Completion Date: December 31, 2013</p>
Priority 4	<p><u>Queensborough Waterfront Pedestrian Bridge</u></p> <p>This project will provide an active transportation bridge between the Queensborough and Waterfront areas of New Westminster in order to:</p> <ul style="list-style-type: none"> • Provide a viable alternative to car travel; • Remove vehicle trips from the network which in turn would reduce greenhouse gas emissions; • Increase health benefits to the bridge users; and • Provide an improved transportation network. <p>Project Start Date: No later than January 1, 2013 Project Completion Date: December 31, 2016</p>
Priority 5	<p><u>Fraser River Discovery Dock and Facility Improvements</u></p> <p>This project will enhance recreational facilities within the Downtown waterfront area of New</p>

	<p>Westminster by:</p> <ul style="list-style-type: none">• Expanding the existing dock area next to the Fraser River Discovery Centre and Westminster Quay Market (where the Star of Fortune Riverboat Casino was docked) to increase the dock area by 1,250 square meters; and• Rehabilitate the existing dock area (600 square meters) to meet expected needs of the expanded waterfront, accommodate fire truck loading, etc. <p>Project Start Date: No later than January 1, 2015 Project Completion Date: December 31, 2017</p>
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

SCHEDULE "B"
HOST PROJECTS

SUMMARY OF ELIGIBLE COSTS
BY PROJECT COMPONENTS

HOST PRIORITY PROJECTS			
Priority Project	Project Components	Estimated Cost	Project Completion Date
Priority 1 – Queensborough Parkland	• Trails and Greenway Development	\$ 2,778,490	December 31, 2010
	• Parkland Development	1,491,848	
	• Park Amenities	1,001,000	
	Total Estimated Project Cost	\$5,271,338	
	Maximum DAC Payable Priority Project 1	\$5,000,000	
Priority 2 – Downtown Multi- Use Civic Facility	• Regional Convention and Meeting Spaces	\$43,000,000	December 31, 2015
	• Arts and Cultural Spaces		
	• Structured Parking		
	Total Estimated Project Cost		
	Maximum DAC Payable Priority Project 2	\$43,000,000	
Priority 3 – Queensborough Facilities	• Satellite library spaces	\$715,000	December 31, 2013
	• Community policing/public safety spaces	643,000	
	• Dedicated youth spaces	572,000	
	• Dedicated seniors spaces	715,000	
	• Dedicated child care spaces	715,000	
	• Increased community meeting and program spaces	715,000	
	• Health & fitness spaces	1,430,000	
	• Specialized arts, cultural & performance spaces.	715,000	
	Total Estimated Project Cost	\$6,200,000	
	Maximum DAC Payable Priority Project 3	\$6,200,000	
Priority 4 – Pedestrian Link	• Feasibility study	\$50,000	December 31, 2016
	• Public and agency consultation	250,000	
	• Detailed design and tender	500,000	
	• Construction	9,500,000	

	Total Estimated Project Cost	\$10,300,000	
	Maximum DAC Payable Priority 4 Project	\$10,300,000	
Priority 5 – Waterfront Esplanade Improvement	<ul style="list-style-type: none"> • Expanding the existing dock area next to the Fraser River Discovery Centre and Westminster Quay Market (where the Star of Fortune Riverboat Casino was docked) to increase the dock area by 1,250 square meters • Rehabilitate the existing dock area (600 square meters) to meet the expected needs of the expanded waterfront, accommodate fire truck loading, etc. <p>Total Estimated Project Cost</p> <p>Maximum DAC Payable Priority Project 5</p>	<p>\$2,500,000</p> <p>1,500,000</p> <p>\$4,000,000</p> <p>\$4,000,000</p>	December 31, 2017
TOTAL, ALL PRIORITY PROJECTS		\$68,771,338	
MAXIMUM POTENTIAL DAC PAYABLE, ALL PRIORITY PROJECTS		\$60,500,000	

GBC ID: 131766

CITY OF NEW WESTMINSTER

Alert: s.15

All fields with an asterisk (*) must be completed.

Account Summary

Account Type: Shared Revenue Programs Account

As of: 16-Aug-2012 08:15 AM

Fee Type	Completed Transactions	Pending Payments
Development Assistance Compensation agreement	\$14,251,769.91	
Host Local Government	\$58,675,791.66	
Total	\$72,927,561.57	\$0.00

Completed Transactions

Fee Type:

Community Gaming Centre
Development Assistance Compensation agreement
Horsemen's Purse

Transaction Date From:

01-Apr-2012

To: 09-Aug-2012

Sort By:

Created Date/Time

Search

Clear

Transactions List

Fee Type	Amount	Created By	Created Date/Time	Trans #	Method of Entry
Development Assistance Compensation agreement	\$4,413,683.09	CGICS_User	18-Apr-2012 08:00 AM	729616	
	Revenue Sharing Report #: 506				
	Payment Id: 260533				
Development Assistance Compensation agreement	\$1,977,705.64	CGICS_User	12-Jul-2012 08:00 AM	740898	
	Revenue Sharing Report #: 515				
	Payment Id: 261429				

**Statement of Account
Destination Project Development Amendment (DAC) Agreement**

City of New Westminster		Quarterly Reporting Period: Apr 1, 2012 TO Jun 30, 2012						
Priority:	Project Name: Project and Details	Current Submission				Total to Date	Not funded	Potential DAC Remaining
		Budget	Previous Balance Fwd	Current QTR				
Priority 1	Queensborough Parkland	\$5,000,000				\$5,000,000.00	\$153,460.69	0.00
	Trails and Greenway Devel.		\$2,001,628.44	\$0.00				
	Parkland Development		\$1,992,475.87	\$0.00				
	Park Amenities		\$1,005,895.69	\$0.00				
			\$5,000,000.00	\$0.00				
Priority 2	Downtown Multi-Use Civic Facility	\$35,000,000				\$6,371,840.12		28,628,159.88
	Regional Convention & Meeting Spaces		\$1,972,200.87	\$320,525.55				
	Arts and Cultural Spaces		\$2,817,983.14	\$462,348.84				
	Structured Parking		\$701,666.09	\$97,116.04				
			\$5,491,849.90	\$879,980.23				
Priority 3	Queensborough Facilities	\$6,200,000				\$2,819,410.84		3,380,589.16
	Satellite Library Spaces		\$217,175.06	\$135,251.29				
	Community Policing		\$217,175.06	\$135,251.29				
	Dedicated Youth Spaces		\$217,175.06	\$135,251.29				
	Dedicated Seniors Spaces		\$217,175.06	\$135,251.29				
	Dedicated Child Care Spaces		\$217,175.06	\$135,251.29				
	Increased Community Meeting and Program Spaces		\$217,175.06	\$135,251.29				
	Health and Fitness Spaces		\$217,175.06	\$135,251.29				
	Specialized arts, cultural & performance spaces.		\$217,175.06	\$135,251.29				
			\$1,737,400.49	\$1,082,010.36				
Priority 4	Queensborough Waterfront Pedestrian Bridge	\$10,300,000				\$60,520.05		10,239,479.95
	Feasibility study		\$0.00	\$0.00				
	Public and Agency Consultation		\$0.00	\$0.00				
	Detailed design and tender Construction		\$44,814.99	\$15,705.06				
			\$44,814.99	\$15,705.06				
Priority 5	Fraser River Discovery	\$4,000,000				\$0.00		4,000,000.00
	Expanding existing dock		\$0.00	\$0.00				
	Rehabilitate existing dock		\$0.00	\$0.00				
	TOTAL	\$60,500,000	\$12,274,065.38	\$1,977,705.64		\$14,251,771.02	\$153,460.69	\$46,248,228.98

Certified True and Correct:
(Authorized signatory for the Host Local Government)
Name: Gary Holowatyuk, C.A. E-mail: gholowatyuk@newwestcity.ca
Title: Director of Finance & IT Date: 05 July 2012



Report # 506

Statement of Account
Destination Project Development Amendment (DAC) Agreement

City of New Westminster

Quarterly
Reporting Period: Jan 1, 2012 TO Mar 31, 2012

		Current Submission		Total to Date	Not funded	Potential DAC Remaining
Priority:	Project Name: Project and Details	Budget	Previous Balance Fwd Current QTR			
Priority 1	Queensborough Parkland	\$5,000,000		\$5,000,000.00	\$153,460.69	0.00
	Trails and Greenway Devel.		\$2,001,628.44	\$0.00		
	Parkland Development		\$1,992,475.87	\$0.00		
	Park Amenities		\$1,005,895.69	\$0.00		
			\$5,000,000.00	\$0.00		
Priority 2	Downtown Multi-Use Civic Facility	\$35,000,000		\$5,491,849.90		29,508,150.10
	Regional Convention & Meeting Spaces		\$826,839.82	\$1,143,360.85		
	Arts and Cultural Spaces		\$770,498.21	\$2,047,484.92		
	Structured Parking		\$160,189.17	\$541,476.92		
			\$1,759,527.21	\$3,732,322.69		
Priority 3	Queensborough Facilities	\$6,200,000		\$1,737,400.49		4,462,599.51
	Satellite Library Spaces		\$132,005.01	\$85,170.05		
	Community Policing		\$132,005.01	\$85,170.05		
	Dedicated Youth Spaces		\$132,005.01	\$85,170.05		
	Dedicated Seniors Spaces		\$132,005.01	\$85,170.05		
	Dedicated Child Care Spaces		\$132,005.01	\$85,170.05		
	Increased Community Meeting and Program Spaces		\$132,005.01	\$85,170.05		
	Health and Fitness Spaces		\$132,005.01	\$85,170.05		
	Specialized arts, cultural & performance spaces.		\$132,005.01	\$85,170.05		
			\$1,056,040.09	\$681,360.40		
Priority 4	Queensborough Waterfront Pedestrian Bridge	\$10,300,000		\$44,814.99		10,255,185.01
	Feasibility study		\$0.00	\$0.00		
	Public and Agency Consultation		\$0.00	\$0.00		
	Detailed design and tender		\$0.00	\$0.00		
	Construction		\$44,814.99	\$0.00		
			\$44,814.99	\$0.00		
Priority 5	Fraser River Discovery	\$4,000,000		\$0.00		4,000,000.00
	Expanding existing dock		\$0.00	\$0.00		
	Rehabilitate existing dock		\$0.00	\$0.00		
			\$0.00	\$0.00		
TOTAL		\$60,500,000	\$7,860,382.29	\$4,413,683.09	\$12,274,065.38	\$48,225,934.62

Certified True and Correct:

(Authorized signatory for the Host Local Government)

Name: Gary Holowatiuk, C.A.

E-mail: gholowatiuk@newwestcity.ca

Title: Director of Finance & IT

Date: 13 April 2012