

# Redwood Meadows' Lease Renewal Frequently Asked Questions (FAQ)

Updated November 2, 2020

## The Bottom Line:

**We have an agreement-in-principle between Redwood Meadows Town Council and Tsuut'ina Chief and Council which must be approved by votes of both communities.**

## Purpose:

The purpose of this FAQ is to provide answers to the “frequently asked questions” regarding Redwood Meadows' lease renewal discussions with Tsuut'ina Nation.

Up to October 22, 2020, we have been bound by our initial confidentiality agreement with the Tsuut'ina Nation to not share the specifics of the potential deal until it has been finalized, reviewed, and approved by both Councils. Both Councils have now approved the lease agreements “in principle” and have set vote dates for their respective communities.

**Redwood Meadows sublease holders will vote on Dec 11, 2020.**

The Redwood Meadows Administration Society will be called the “Society” in this Document.

## Lease Process

1. What are the benefits of renewing the lease?
  - a. Renewing the lease will open more mortgage opportunities from lending institutions, increase home-buyer interest, maintain and increase property values, reduce risk, and encourage ongoing investment through home improvements.
  - b. Owner, buyer, and lender uncertainty caused by declining years remaining on the lease will be resolved.
  - c. We can continue to live and invest in a one-of-a-kind community on First Nations land among stunning flora and fauna.
  
2. What are the impacts of not renewing the lease this year?
  - a. Sublease Holders and new buyers applying for mortgages are no longer able to obtain a 25-year mortgage amortization. In 2021 the mortgage limit will be 23 years without a new lease. This will decline every year until lease renewal.
  - b. This may cause rippling affects that result in decreased buyer attractiveness and decreased interest in maintaining and improving properties as time winds down on the existing leases.
  
3. What are the key requirements for renewing the lease?
  - a. To achieve an agreement for lease renewal four major elements must be addressed:
    - i. Stewardship Agreement.

- ii. Infrastructure responsibility.
  - iii. Taxation responsibility.
  - iv. Financial agreement to purchase a new lease or extension.
- 4. What processes require the involvement of the Federal Government
  - a. Our new operating agreements along with the new Head Lease requires the approval of two Federal Government departments – Indigenous Services Canada (ISC) and the Department of Justice (DOJ). Both departments have been involved in the discussions and have given general approval for the proposed lease renewal agreements.
- 5. What is a Land Designation?
  - a. A designation is a process under the Indian Act that allows Indigenous communities to set aside reserve land for leasing purposes. To obtain a designation for leasing purposes or to renew a head lease, the land to be leased must undergo an environmental assessment, be appraised, described legally and then a community vote of the Tsuut'ina members must approve that the land be designated and leased.
- 6. What is a Head Lease?
  - a. The Head Lease is the leasing agreement between the Federal Government (ISC) and Tsuut'ina Nation for the designated land. The Head Lease defines the terms and conditions for the leases.
- 7. How does the Head Lease affect my Residential Sublease?
  - a. Without the new Head Lease, the new Master Sublease and residential Subleases cannot be executed.
- 8. What is the Master Sublease?
  - a. Under the terms of the new agreements (to be approved by the community votes), the Society will purchase from the Tsuut'ina Nation a "Master Sublease". This gives the Society delegated responsibility and authority to manage and issue residential Subleases.
  - b. All new subleases will be purchased from the Society.
  - c. The Head Lease, Master Sublease and residential sublease documents are materially complete.
- 9. Will we see the new lease documents before the vote?
  - a. All proposed agreements are approved 'in principle' by the respective Councils.
  - b. We are presenting the agreement and lease payment summaries at in-person as well as on-line sublease holder information sessions.
  - c. The key agreement details and lot specific costs are being provided in a lease information package sent through registered mail to the sublease holders the week of November 2, 2020.
  - d. The full Stewardship Agreement, Master Sublease, and other agreements will be available to sublease holders to review at the Townsite office.

10. What is Redwood's voting process for the lease?
  - a. Redwood Meadows has hired a third-party returning officer to ensure an accurate and legally binding vote.
  - b. The voting process begins with the early registration process and assignment of one delegated voter for each sublease. Each sub-lease address must determine who votes on their behalf. Please contact the Townsite office to complete the voter declaration package.
  - c. Even if you are the sole sublease holder for a property, you are required to complete and submit the registration/delegation documents to be eligible to vote.
  - d. There will be one vote per sublease, and every household will be required to delegate one of the names on the lease as the delegated voter.
  - e. A minimum of 30 Registered Sublease Voters must vote, and two-thirds (2/3) of the votes cast must be in favor of the proposed lease extension to approve it.
  
11. What happens if the vote does not reach the threshold for approval?
  - a. The Society will have to address the reasons for the unsuccessful vote before deciding whether a second vote will be held.
  
12. Has the Lease Vote question been drafted?
  - a. The lease vote question is: Do you approve the proposed Lease Agreements, as defined in the Redwood Meadows Lease Ratification process? Yes  No
  
13. Will all Sublease Holders be voting in the Lease Vote?
  - a. The vote will be based on one delegated Sublease Voter per sublease property.
  - b. All other Sublease Voters of the sublease property must identify one delegated Sublease Voter per lot to vote on their behalf then complete and submit the voter delegation/registration document to the townsite.
  - c. Once the paperwork is approved by the Returning Officer, their name will be added to the list of Registered Sublease Voters.
  
14. Will a Registered Sublease Voter have to be present to vote in the Lease Ratification Vote?
  - a. There will be a mail-in or drop-in ballot option for those that cannot be present at the Lease Ratification Vote.
  - b. With the current coronavirus situation, options are being developed for safely casting your vote, including promotion of mail-in or drop-off ballots.
  
15. If a Delegated Sublease Voter is not identified for a sublease property or declines to vote, will that hold up the vote?
  - a. No. Failure to register and vote does not hold up the vote.
  - b. However, failing to vote does, in principle, result in providing one uncontested vote to the side you oppose.

- c. The Society encourages all sublease holders to delegate a Sublease Voter for their respective sublease property and for that delegated voter to vote.
  - d. We hope to achieve a full turnout of the 351 voters for the Lease Ratification Vote.
16. Will there be any Delegated Sublease Voters that will vote no?
- a. Possibly. It is rare to get 100% agreement with any proposal.
  - b. However, we are encouraging all sublease holders to participate in the lease information sessions to become informed and to raise questions and concerns so they can be addressed, and all Delegated Voters can make an informed decision.
17. Will there be a way for those that cannot attend the lease information sessions to access the information?
- a. Yes, our goal is to ensure all sublease holders are fully aware of the lease agreement details to make an informed decision, through the following communication strategy:
    - i. Providing an information package to each sublease detailing key information about the agreements along with specific information and costs for your lease extension.
    - ii. Conducting community information sessions to present the lease extension details prior to the vote. With the coronavirus we are providing the safest and most effective ways of conducting these sessions by offering on-line sessions and socially distanced, limited attendance in-person sessions.
    - iii. Providing a dedicated e-mail address that sublease holders can send their questions to and receive clear, direct responses. The email address is: [redwoodlease@redwoodmeadows.ab.ca](mailto:redwoodlease@redwoodmeadows.ab.ca)
    - iv. Sharing detailed written communications via the sublease holder email list/and or physical mail.
    - v. SOCIAL MEDIA WILL NOT BE USED to communicate details of the lease agreements as they are deemed confidential and not for public viewing.
    - vi. We are asking everyone not to discuss the lease agreements on social media or any public forum as the details are confidential and the agreements are not complete until they are executed after a successful vote.
18. When the lease renewal is approved, what is the timeline for processing the Residential Subleases?
- a. After successful votes by both communities December 11, we anticipate signing the Master Sublease and other agreements around January 1, 2021.
  - b. After that, sublease holders will have until March 15, 2021 to execute their new subleases, pay the down payment and initial monthly payments.
  - c. These dates are estimated and subject to change.
19. Why is ISC involved?
- a. Indigenous Services Canada (ISC) is responsible for overseeing leasing activities on Indigenous reserve lands under the Indian Act.
20. When will the results of the vote be published?

- a. The results of the Lease Vote will be available the day after the vote.
21. Will the Society be assisting Sublease holders with legal advice?
- a. Sublease holders are responsible for obtaining a lawyer to assist with execution of the new agreement.
  - b. Local lawyers Linda Anderson and Dave Ryan have both indicated they will be available to assist sublease holders to execute their subleases at a reduced cost. Linda and Dave are both familiar with Redwood Meadows and the lease renewal. This is not mandatory and sublease holders can choose to use any lawyer they prefer.
  - c. To complete 351 leases efficiently and cost effectively in 90 days, we expect the lawyers will be holding individual and group lease document reviews as required by sublease holders.
22. If the upcoming votes do not result in a lease renewal or extension, are there other alternatives?
- a. There is a clear desire and intention from both parties to find a practical solution for the lease.
  - b. If either the Tsuut'ina Nation citizens or Society members vote 'No' to the proposed lease agreement package, we will have to resolve the issues of concern before we can have another vote. This will likely take some time and would require costly new land appraisals, environmental reviews, and other processes which could further delay executing a new agreement.
22. Will the Society provide a letter explaining the lease to lenders that hold mortgages?
- a. We are working hard to engage major lenders and ensure they are in the loop in advance of the vote. Our lawyer has spoken with all of the 'Big 5' lenders and ATB and confirmed they are all very supportive of a lease renewal.
  - b. The head offices of major lenders will be made aware of the legal verbiage of the proposed sublease and will receive an additional letter from the Society once both Councils have reached an agreement in principle.
  - c. After the vote, a letter describing the lease renewal will be provided to the head offices of the lenders on record that hold mortgages in Redwood Meadows.
  - d. The Society encourages all sublease holders with mortgages to review the terms specific to their mortgage and reach out to your financial institutions throughout this process as financial institutions will view the lease renewal favorably.

## Governance

1. What is the Stewardship Agreement?
  - a. The Stewardship Agreement is an agreement between the Society and the Tsuut'ina Nation that provides a framework outlining the shared interests, responsibilities, and authorities of the parties in managing the Townsite of Redwood Meadows.
  - b. This document will replace the current Redwood Meadows Administration Agreement.

2. Why do we need to have a Stewardship Agreement with our lease renewal?
  - a. Due to changes in legislation over the last thirty (30) years, the Society and the Tsuut'ina Nation need to align with new legislation and clarify roles and responsibilities as to how we will effectively (with delegated authority by Tsuut'ina) operate and manage the Townsite of Redwood Meadows for the benefit of the residents and the long-term interest of Tsuut'ina, while maintaining Tsuut'ina's sovereignty.
3. What are the main areas covered in the Stewardship Agreement?
  - a. The key areas of the Stewardship Agreement are:
    - i. Clearly defining the relationship, roles and responsibilities of the Society and the Tsuut'ina Nation regarding the Stewardship of Townsite lands.
    - ii. Establishing and maintaining an ongoing relationship between the Society and Tsuut'ina Nation through a Liaison Committee.
    - iii. Establishing and maintaining an effective bylaw enactment process.
    - iv. Establishing and maintaining an effective taxation process; and
    - v. Establishing and maintaining an ongoing plan for infrastructure and environmental management.
4. Why are we using a Vancouver based law firm?
  - a. Due to difficulties finding a law firm in Alberta that has not done business with (and therefore does not have a conflict of interest with) Tsuut'ina Nation, we looked outside the province.
  - b. The law firm we selected is well versed in Indigenous leasing and governance issues. We are confident they are providing us with the appropriate advice and services in finalizing our agreements with Tsuut'ina Nation. Tsuut'ina has responded favorably to our selection of law firm and our lawyers are working very well together.

## Cost and Payment of the Lease Renewal

1. Was an appraisal for lease extension completed?
  - a. Yes – numerous appraisals were completed and used as guidance by Redwood Meadows Council, Tsuut'ina Nation Council, and ISC.
2. What was the appraisal based on – the value of the land or house?
  - a. The appraisal was based on the value of the land only (i.e. structure value was not included) for a 45-year lease extension.
  - b. The appraisal was reached by using the square footage of land for each property. A factor was assigned to each property for the location, such as golf course, berm, roadside, green areas, and river. Fair value comparisons were made from surrounding 'like' communities.
  - c. The appraisal values have been verified by two different third-party sources.
3. What will the lease payment structure look like?
  - a. There will be a lump sum down payment at the execution of the agreement, followed by monthly lease rent payments for the duration of the lease.

- b. The Society will use the Property Value Protection fund to help reduce the lump sum down payment for leaseholders.
  - c. Resident sublease holders will pay their share of the remaining down payment, plus their monthly lease rent payments.
  - d. All this money will be collected by the Society and paid to Tsuut'ina Nation.
4. Will there be payment options provided to residents for the lease?
- a. The agreements, if approved by both communities, create an obligation for the Society to pay Tsuut'ina Nation the total down payment and on-going lease payments for the term of the new lease.
  - b. The Society is not able to provide lender services to the sublease holders so payment options should be discussed with your financial institution.
  - c. Early in the process, we worked with sublease holders representing the community's different demographics in focus groups to identify affordability options in advance of financial discussions with Tsuut'ina Nation. The objective was to work toward a payment structure that should work for most if not all sublease holders.
  - d. We feel the agreed upon payment structure, as approved in-principle by both Councils, largely achieves the identified needs of the focus groups.
5. What will each sublease payment amount be based on? Will it be the same amount for everyone, or will it be based on the value of the sublease property?
- a. It is based on the relative appraised value of each individual sublease lot, to be fair and equitable to all.
  - b. As mentioned before the appraisal amount considers lot size and location.
  - c. The appraisal was completed as part of the lease renewal process and has been verified by independent sources.
6. What is the term of the lease renewal?
- a. Assuming a positive vote, there will be a new 75-year lease beginning in 2021. The new lease will expire in 2095.
7. Are the infrastructure costs and responsibilities a part of the discussion for the overall amount of the lease?
- a. Infrastructure, the cost of the lease renewal, and the other key factors listed before, form the entire package.
8. Will the value of my house increase with the new lease?
- a. By renewing the lease, it will increase the mortgage amortization time limits of lending institutions. We expect it will improve the real and perceived lot value, improve buyer attractiveness (increased number of interested buyers and reduced time on market), and encourage ongoing investment in home maintenance and improvements
  - b. All these factors should result in an improved home value relative to the market. Due to many variable factors, including economic and market factors, a definitive percentage increase cannot be accurately predicted.

9. Will the new lease have a renewal process?
  - a. There is a clause in the Stewardship Agreement that states the Society and the Tsuut'ina Nation will discuss in good faith potential renewal or extension of the Head lease well before the new lease expires. This process does not guarantee a future lease renewal.
  
10. If I have an existing mortgage on my sublease property, do I have to requalify for the mortgage?
  - a. You should not need to requalify for your mortgage, but there will be lease documents that will need to be executed to update your mortgage agreements.
  - b. If you have a home mortgage, there is likely a legal term included in your mortgage agreement that you must execute lease extension offers as they are available. This term may help you obtain additional financing if required.