



**ENGLISHMAN RIVER WATER SERVICE JOINT VENTURE
MEETING OF THE MANAGEMENT BOARD**

*(Immediately following the Arrowsmith Water Service
Management Board Regular Meeting)*

**TUESDAY, May 10, 2016
10:00am – 11:00am**

***City of Parksville Forum
100 Jensen Avenue***

A G E N D A

PAGES

CALL TO ORDER

DELEGATIONS

MINUTES

3-5 Minutes of the Emergency Englishman River Water Service Management Board Meeting held April 18, 2016.

BUSINESS ARISING FROM THE MINUTES

COMMUNICATIONS/CORRESPONDENCE

6-12 **DFO Fisheries Act Authorization**, correspondence dated April 24, 2016.

UNFINISHED BUSINESS

REPORTS

ERWS Joint Venture Financial Statements Year Ended December 31, 2015.
(to be circulated)

13-45 ERWS Joint Venture Agreement Extension Report.

ADDENDUM

BUSINESS ARISING FROM DELEGATIONS OR COMMUNICATIONS

NEW BUSINESS

IN CAMERA

OTHER

NEXT MEETING

ADJOURNMENT

Distribution:

J. Stanhope, B. Rogers, M. Lefebvre, S. Powell, M. Squire, B. Weir, R. Alexander

For Information:

*D. Trudeau, F. Manson, D. Comis, J. Marsh, M. Donnelly, W. Idema, G. St. Pierre, V. Figueira,
L. Butterworth, S. Karokochuk*



**MINUTES OF THE MEETING OF THE
ENGLISHMAN RIVER WATER SERVICE (ERWS) MANAGEMENT BOARD
HELD ON MONDAY, APRIL 18, 2016 AT 2:00PM
IN THE REGIONAL DISTRICT OF NANAIMO, BOARD CHAMBERS**

Present:	J. Stanhope, Chair B. Rogers R. Alexander M. Lefebvre M. Squire M. Donnelly	Regional District of Nanaimo Regional District of Nanaimo Regional District of Nanaimo City of Parksville City of Parksville Regional District of Nanaimo
Also Present:	L. Butterworth S. Powell B. Weir W. Idema G. St. Pierre D. Trudeau R. Graves	City of Parksville City of Parksville Town of Qualicum Beach Regional District of Nanaimo Regional District of Nanaimo Regional District of Nanaimo Recording Secretary, RDN
Regrets:	D. Comis V. Figueria	City of Parksville City of Parksville

CALL TO ORDER

The Chief Administrative Officer called the meeting to order at 2:07pm.

ELECTION OF CHAIRPERSON

The Chief Administrative Officer called for nominations for the position of Chairperson for 2016.

Director Lefebvre nominated Director Stanhope.

There being no further nominations, the Chief Administrative Officer declared Director Stanhope as Chairperson of the Board for 2016.

DELEGATIONS

MINUTES

MOVED Director Lefebvre, SECONDED Director Powell that the minutes from the Englishman River Water Services Management Board held December 9, 2015, be adopted.

CARRIED

BUSINESS ARISING FROM THE MINUTES

COMMUNICATIONS/CORRESPONDENCE

Island Health-Revised Terms and Conditions to the Water Supply Operating Permit. (Englishman River Surface Water Operating Permit).

MOVED Director Rogers, SECONDED Director Powell, that the Island Health Revised Terms and Conditions to the Water Supply Operating Permit (Englishman River Surface Water Operating Permit) be received.

CARRIED

DFO – Fisheries Act Authorization.

MOVED Director Rogers, SECONDED Director Powell, that the DFO Fisheries Act Authorization correspondence dated April 11, 2016 be received.

CARRIED

REPORTS

Draft Predesign Report Update.

MOVED Director Lefebvre, SECONDED Director Powell, that the report from the Englishman River Water Service Management Committee dated April 6, 2016, entitled Draft Predesign Report (Update), Water Intake, Treatment Plant and Supply Mains be received.

CARRIED

MOVED Director Rogers , SECONDED Director Lefebvre, that the Englishman River Water Service Management Board recommend the Joint Ventures adopt the report titled “Draft Predesign Report (Update) - Water Intake, Treatment Plant and Supply Mains”, prepared by CH2M Hill, dated December 10, 2015.

CARRIED

Detailed Design Project Status Update.

MOVED Director Rogers, SECONDED Director Lefebvre, that the Detailed Design Project Status Update report be received.

CARRIED

Transmission Main Report.

MOVED Director Powell, SECONDED Director Rogers, that the Transmission Main Report be received.

CARRIED

Englishman River Water Service Final 2016 – 2020 Financial Plan.

MOVED Director Rogers, SECONDED Director Powell, that the report from the Englishman River Water Service Management Committee, dated April 6, 2016, entitled ERWS Final 2016-2020 Financial Plan be received.

CARRIED

MOVED Director Rogers, SECONDED Director Lefebvre, that the Englishman River Water Service Management Board accept the Final 2016 – 2020 Financial Plan as outlined in Table 1 attached to the April 6, 2016 report.

CARRIED

MOVED Director Rogers, SECONDED Director Lefebvre, that the Englishman River Water Service Management Board recommend the Joint Ventures adopt the Final 2016 – 2020 Financial Plan as outlined in Table 2 attached to the April 6, 2016 report.

CARRIED

BUSINESS ARISING FROM DELEGATIONS OR COMMUNICATIONS

NEW BUSINESS

OTHER

QUESTIONS

The Chair opened the floor to questions and comments.

Larry Williams asked if contaminates and colour disinfection by-products could enter the system.

Jesus Garcia-Aleman replied that water in the river will contain colour and organic material, when organic material reacts with chlorine it will create disinfection by-products. Part of the treatment objectives of the plant is to remove colour and organics so there are no disinfection by-products in the distribution system.

Larry Williams enquired if the chlorine is introduced before or after the by-products are removed and are there any tests done after the chlorine is added?

Jesus Garcia-Aleman commented that the colour and organic material are removed before the chlorine is introduced and continuous monitoring is done and is required monthly and quarterly by provincial regulations.

IN CAMERA

OTHER

NEXT MEETING

ADJOURNMENT

MOVED Director Lefebvre, SECONDED Director Powell that the meeting be adjourned.

CARRIED



Fisheries and Oceans
Canada

Regional Director General
200 - 401 Burrard Street
Vancouver, British Columbia
V6C 3S4

Pêches et Océans
Canada

Région du Pacifique
Pièce 200 - 401 rue Burrard
Vancouver (C.-B.)
V6C 3S4

Your file Votre référence

Our file Notre référence
15-HPAC-00781

APR 25 2016

Mr. Mike Squire
Arrowsmith Water Service
1116 Herring Gull Way
Parksville, B.C. V9P 1R2

Dear Mr. Squire:

Subject: *Fisheries Act* Authorization

Pursuant to paragraph 35(2)(b) of the *Fisheries Act*, the Minister of Fisheries and Oceans Canada (DFO) authorizes the carrying on of your proposed work, undertaking or activity that results in serious harm to fish arising from operations of your Englishman River water intake project. A paragraph 35(2)(b) *Fisheries Act* authorization is attached.

Failure to comply with any of the terms or conditions of the attached Authorization may lead to prosecution under the *Fisheries Act*.

A copy of this Authorization should be kept on site during operations of your Englishman River water intake project and upon request be provided to relevant federal or provincial officials. Work or operational crews should be familiar with, and able to adhere to, the conditions.

For proposed works, undertakings or activities associated with construction of the project, DFO can confirm that a *Fisheries Act* authorization is not required given that serious harm to fish can be avoided by implementing all of those measures and standards to avoid and mitigate serious harm to fish resulting from construction outlined in Section 5.4.1 of the "Fish Habitat Offsetting Plan for Bulk Water Supply Intake in Englishman River" prepared by LGL Limited environmental research associates and Kerr Wood Leidal Associates Ltd., dated July 2015. In order to comply with the *Fisheries Act*, it is also recommended that you follow our guidance tools which can be found at the following website (<http://www.dfo-mpo.gc.ca/pnw-ppe/measures-mesures/index-eng.html>). It remains your responsibility to meet the requirements of other federal, provincial and municipal agencies.

If you or anyone conducting work on your behalf has any questions, please contact Herb Klassen at our Vancouver office at 604-202-0258, or by email at Herbert.Klassen@dfo-mpo.gc.ca.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rebecca Reid', written in a cursive style.

Rebecca Reid
Regional Director General

cc: Brian Naito, Fisheries and Oceans Canada

ATTACHMENT: AUTHORIZATION



AUTHORIZATION No.: 15-HPAC-00781

PARAGRAPH 35(2)(b) FISHERIES ACT AUTHORIZATION

Authorization issued to

Arrowsmith Water Service (*hereafter referred to as the "Proponent"*)

Attention to: Mr Mike Squire
1116 Herring Gull Way
Parksville, BC V9P 1R2

Location of Proposed Project

The proposed Englishman River water intake (the "Project") is situated on the right bank of Englishman River immediately upstream of the Highway 19 bridge over Englishman River.

Nearest community (city, town, village):	Parksville
Province:	British Columbia
Name of watercourse, waterbody:	Englishman River
Longitude and latitude, UTM Coordinates:	Intake at 49° 18'00 N 124°16'22 W

Description of Proposed Project

The proposed project of which the work, undertaking or activity authorized is a part involves:

Operation of a screened river intake structure on the right bank of Englishman River that replaces an existing buried well screen infiltration gallery intake on Englishman River and which supplements the municipal water supply system. The proposed intake and pump capacity would enable a daily water withdrawal up to a maximum rate of 28.8 ML/d (peaking at 0.33 m³/sec).

Description of Authorized work(s), undertaking(s) or activity(ies) likely to result in serious harm to fish

The work(s), undertaking(s), or activity(ies) associated with the proposed project described above, that are likely to result in serious harm to fish, are:

- Withdrawal of flows up to 0.33 m³/sec from the Englishman River through the intake and pumping facilities.

The serious harm to fish likely to result from the proposed work(s), undertaking(s), or activity(ies), and covered by this authorization includes:

1. Increased and relocated withdrawal of water from Englishman River is expected to change the velocity and depth downstream of the Project, reducing the steelhead summer parr rearing values in riffle habitats by up to 913 m² Weighted Useable Area corresponding to residual flows from maximum instantaneous withdrawals of 0.33 m³/s under 10-year drought flow regime in August, as represented by flows of 0.89 m³/s measured at the Englishman River Water Survey of Canada gauge, and in glide habitats losses of 1,337 m² Weighted Useable Area in August corresponding to mean daily flows of 0.89 m³/s at the Englishman River Water Survey of Canada gauge..

2. Increased and relocated withdrawal of water from Englishman River is expected to change the velocity and depth downstream of the Project reducing chinook summer fry rearing values in riffle habitats by up to 1,359 m² Weighted Useable Area corresponding to residual flows from maximum instantaneous withdrawals of 0.33 m³/s under 10-year drought flow regime in August, as represented by flows of 0.89 m³/s measured at the Englishman River Water Survey of Canada gauge, and in glide habitats losses of 1,948 m² Weighted Useable Area in August corresponding to mean daily flows of 0.89 m³/s at the Englishman River Water Survey of Canada gauge.
3. Increased and relocated withdrawal of water from Englishman River is expected to change the velocity and depth downstream of the Project reducing coho summer fry rearing values in glide habitats by up to 481 m² Weighted Useable Area corresponding to residual flows from maximum instantaneous withdrawals of 0.33 m³/s under 10-year drought flow regime in August, as represented by flows of 0.89 m³/s measured at the Englishman River Water Survey of Canada gauge.
4. Increased and relocated withdrawal of water from Englishman River is expected to change the velocity and depth downstream of the Project reducing steelhead spawning values in glide habitats by up to 420 m² Weighted Useable Area corresponding to residual flows from maximum instantaneous withdrawals of 0.33 m³/s under 2-year drought flow regime in July, as represented by flows of 1.69 m³/s measured at the Englishman River Water Survey of Canada gauge.

Conditions of Authorization

The above described work, undertaking or activity that is likely to result in serious harm to fish must be carried on in accordance with the following conditions.

1. Conditions that relate to the period during which the work, undertaking or activity that will result in serious harm to fish can be carried on

The work, undertaking or activity that results in serious harm to fish is authorized to be carried on during the following period:

- From: Date of Issuance for the life of the project

Fisheries and Oceans Canada (DFO) may, where appropriate, provide written notice that the period to carry on the work, undertaking or activity has been extended.

The periods during which other conditions of this authorization must be complied with are provided in their respective sections below. DFO may, where appropriate, provide written notice that these periods have been extended, in order to correspond to the extension of the period to carry on a work, undertaking, or activity.

2. Conditions that relate to measures and standards to avoid and mitigate serious harm to fish

2.1 All measures and standards to avoid and mitigate serious harm to fish outlined in section 5.4.2 of the following document shall be implemented:

- 2.1.1 “Fish Habitat Offsetting Plan for Bulk Water Supply Intake in Englishman River” prepared by LGL Limited environmental research associates and Kerr Wood Leidal Associates Ltd, dated July 2015.

- 2.2 Contingency measures: Contingency measures to avoid and mitigate serious harm to fish shall be implemented if monitoring required in Section 3 of this Authorization indicates that the measures and standards to avoid and mitigate serious harm to fish are not successful. Contingency measures to be implemented include, but are not limited to, upgraded intake grate maintenance if monitoring indicates fish impingement on the screen and application of more conservative water use restrictions and/or effective water storage schemes if water withdrawal rates approach intake capacities of 0.33 m³/s.
- 2.3 Dates by which these measures and standards shall be implemented: installation of a fish exclusion screen for the intake which shall be completed prior to initial flow diversion and commissioning.
3. **Conditions that relate to monitoring and reporting of measures and standards to avoid and mitigate serious harm to fish**
- 3.1 Demonstration of effective implementation and functioning of measures during operations:
This shall be done, by:
- Once operation of the authorized works, undertakings or activities has commenced, the Proponent shall implement a 5-year Monitoring Plan in keeping with Section 5.8 of “Fish Habitat Offsetting Plan for Bulk Water Supply Intake in Englishman River”, by LGL Limited environmental research associates and Kerr Wood Leidal Associates Ltd., dated July 2015, attached as Schedule 1, for effectiveness monitoring and reporting to demonstrate whether measures and standards to avoid and mitigate serious harm to fish were conducted according to the conditions of this Authorization.
 - Providing annual reports including the compliance of operations with the prescribed flow releases from Arrowsmith Dam, operational flows, residual flows after withdrawals, and ramping rates. Reports shall be submitted to DFO in .pdf version by 31 March after each successive year the Project is operating. The reports shall include daily data, incidents of non-conformance to flow releases and flow ramping excursions that have occurred over the year. These reports also shall provide interpretations of biological implications for any incidents involving flow ramping excursions and instream flow releases, and summaries of Section 38 *Fisheries Act* notifications to DFO concerning risks of serious harm.
 - Reporting to DFO on the effectiveness of the Project’s mitigation measures in avoiding significant adverse effects on valued environmental components related to fish and fish habitat, in keeping with “Fish Habitat Offsetting Plan for Bulk Water Supply Intake in Englishman River”, by LGL Limited environmental research associates and Kerr Wood Leidal Associates Ltd., dated July 2015, attached as Schedule 1.
- 3.1.1 Annual reports for years 1, 2, 3, and 4 shall be provided to DFO by 31 March in 2018, 2019, 2020 and 2021, or in years or dates as otherwise agreed to by DFO. Selection of the fifth year of study shall be in consultation with DFO, with the report provided to DFO by 31 March the following year.
- 3.2 All monitoring reports or results shall be submitted to referralspecific@dfo-mpo.gc.ca, Fisheries Protection Program, Ecosystems Management Branch, DFO, 200-401 Burrard St., Vancouver, BC, V6C 3S4 and refer to file #15-HPAC-00781.
4. **Conditions that relate to the offsetting of the serious harm to fish likely to result from the authorized work, undertaking or activity**
- 4.1 Letter of credit: A letter of credit of \$167,000 (for offsetting and monitoring) has been submitted to DFO. DFO may draw upon funds set aside by the Proponent through the letter of credit to cover the costs of implementing the offsetting measures required under this authorization including the associated monitoring and reporting measures.
- 4.2 The \$167,000 letter of credit shall be released to the Proponent upon receipt of the required reports of the 5-year Monitoring Program as described in Section 5.8 of “Fish Habitat Offsetting Plan for Bulk Water Supply Intake in Englishman River”, by LGL Limited environmental research associates and Kerr Wood

Leidal Associates Ltd., dated July 2015, attached as Schedule 1, and offsetting measures are shown to be functioning as per the criteria in condition 4.4 as confirmed by DFO.

- 4.3 Scale and description of offsetting measures: The offsetting measures comprise of flow releases from Arrowsmith Reservoir as described in Section 5.6.1, as well as instream boulder placement as described in 5.6.2 of “Fish Habitat Offsetting Plan for Bulk Water Supply Intake in Englishman River”, by LGL Limited environmental research associates and Kerr Wood Leidal Associates Ltd., dated July 2015, attached as Schedule 1.
- 4.4 Installation of boulder clusters shall be completed prior to completion of intake construction.
- 4.5 Criteria to assess the implementation and effectiveness of the offsetting measures: The fish habitat offsetting measures shall be assessed whether supplemental fish protection flows released and boulder habitats constructed as per Section 5.6 of “Fish Habitat Offsetting Plan for Bulk Water Supply Intake in Englishman River”, by LGL Limited environmental research associates and Kerr Wood Leidal Associates Ltd., dated July 2015, attached as Schedule 1 are functioning-as-intended if:
 - analysis of habitat data collected as part of the 5-year Monitoring Programs described in 3.1 demonstrate net gains of steelhead, chinook, and coho habitat values as measured through Weighted Useable Area and wetted habitat area relative to pre-project conditions, as confirmed by DFO.
 - the boulder placements are determined through the 5-year Monitoring Program as described in 3.1 to be physically stable, as confirmed by DFO.
- 4.6 The Proponent shall maintain the offsetting measures as described in 4.3 in a state of functioning-as-intended for the life of the project.
- 4.7 Contingency measures: Should the 5-year Monitoring Program undertaken as required under Condition 3.2 indicate that offsetting measures are not functioning as intended, then:
 - 4.7.1 the Proponent shall design and implement supplementary mitigation and/or offsetting measures as may be required by DFO in the amount equivalent to the magnitude of the reduction. These may involve large woody debris placements as discussed in Section 5.7 of “Fish Habitat Offsetting Plan for Bulk Water Supply Intake in Englishman River”, by LGL Limited environmental research associates and Kerr Wood Leidal Associates Ltd., dated July 2015, attached as Schedule 1. If, at any time during the 5-year Monitoring Program, the Proponent becomes aware that the offsetting measures are not functioning as intended, the Proponent shall carry out works and additional monitoring that are necessary, as determined by DFO, to ensure that the offsetting measures are functioning as designed, or
 - 4.7.2 the Proponent shall propose alternative offsetting measures to achieve the overall objective of the offsetting measures as confirmed by DFO.
- 4.8 The Proponent shall not carry on any work, undertaking or activity that will adversely disturb or impact the offsetting measures.
5. **Conditions that relate to monitoring and reporting of implementation of offsetting measures (described above in section 4):**
 - 5.1 Schedule(s) and criteria: The Proponent shall conduct monitoring of the implementation of offsetting measures according to criteria in Section 5.8 of “Fish Habitat Offsetting Plan for Bulk Water Supply Intake in Englishman River”, by LGL Limited environmental research associates and Kerr Wood Leidal Associates Ltd., dated July 2015, attached as Schedule 1.
 - 5.2 List of reports to be provided to DFO: The Proponent shall report to DFO on whether the offsetting measures were conducted according to the conditions of this authorization by providing the following:
 - 5.2.1 Annual reports of data collected in years 1 through 4, and a fifth report of data collected in a period when mean daily flow exceedances are observed at >90% measured at the Water

Survey of Canada Englishman River gauge during the Critical Period Streamflow (< 1.0 m³/s in July; <1.0 m³/s in August; <1.0 m³/s in September; or <0.9 m³/s in October; i.e. the equivalent of a constant 28.8 ML/d water withdrawal during a 10-year drought) as described in Section 5.8 of “Fish Habitat Offsetting Plan for Bulk Water Supply Intake in Englishman River”, by LGL Limited environmental research associates and Kerr Wood Leidal Associates Ltd., dated July 2015, attached as Schedule 1. Annual reports for years 1, 2, 3, and 4 shall be provided to DFO by 31 March in 2018, 2019, 2020 and 2021, or in years or dates as otherwise agreed to by DFO. Selection of the fifth year of study shall be in consultation with DFO, with the report provided to DFO by 31 March the following year.

Authorization Limitations and Application Conditions

The Proponent is solely responsible for plans and specifications relating to this authorization and for all design, safety and workmanship aspects of all the works associated with this authorization.

The holder of this authorization is hereby authorized under the authority of Paragraph 35(2)(b) of the *Fisheries Act*, R.S.C., 1985, c.F. 14 to carry on the work(s), undertaking(s) and/or activity(ies) that are likely to result in serious harm to fish as described herein. This authorization does not purport to release the applicant from any obligation to obtain permission from or to comply with the requirements of any other regulatory agencies.

This authorization does not permit the deposit of a deleterious substance in water frequented by fish. Subsection 36(3) of the *Fisheries Act* prohibits the deposit of any deleterious substances into waters frequented by fish unless authorized by regulations made by Governor in Council.

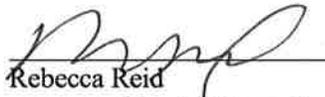
This authorization does not permit the killing, harming, harassment, capture or taking of individuals of any aquatic species listed under the *Species at Risk Act* (SARA) (s. 32 of the SARA), or the damage or destruction of residence of individuals of such species (s. 33 of the SARA) or the destruction of the critical habitat of any such species (s. 58 of the SARA.)

The failure to comply with any condition of this authorization constitutes an offence under Paragraph 40(3)(a) of the *Fisheries Act* and may result in charges being laid under the *Fisheries Act*. This authorization must be held on site and work crews must be made familiar with the conditions attached.

This authorization cannot be transferred or assigned to another party. If the work(s), undertaking(s) or activity(ies) authorized to be conducted pursuant to this authorization are expected to be sold or transferred, or other circumstances arise that are expected to result in a new Proponent taking over the work(s), undertaking(s) or activity(ies), the Proponent named in this authorization shall advise DFO in advance.

Date of Issuance: APR 25 2016

Approved by:


Rebecca Reid
Regional Director General, Pacific Region
Fisheries and Oceans Canada

Schedules:

Schedule 1 – “Fish Habitat Offsetting Plan for Bulk Water Supply Intake in Englishman River”, by LGL Limited environmental research associates and Kerr Wood Leidal Associates Ltd., dated July 2015.



englishman river
WATER SERVICE

TO: ERWS Management Board **DATE:** May 2, 2016
FROM: Randy Alexander, General Manager
Regional & Community Utilities **FILE:** 5620-00-ERWS
Regional District of Nanaimo
SUBJECT: Englishman River Water Service Joint Venture Agreement Extension

RECOMMENDATION

That the Englishman River Water Service (ERWS) Management Board Direct staff to prepare an amendment to extend the ERWS Joint Venture Agreement and forward to the Joint Venture Partners for consideration.

PURPOSE

To obtain ERWS Management Board direction to seek Joint Venture Partners agreement to extend the ERWS Joint Venture Agreement for an additional 5 years.

BACKGROUND

On July 1, 2011, the RDN and Parksville entered into a 5 year Joint Venture Agreement to establish a Joint Venture known as the "Englishman River Water Service" for the purposes of designing, constructing, installing, owning, operating, maintaining, repairing and replacing water intake and treatment facility on land at the Englishman River. A copy of the July 1, 2011 Agreement is attached for reference.

Staff are recommending that a draft amendment extending the ERWS Joint Venture Agreement for a further 5 years be forwarded to the Joint Venture Partners Board and Council for consideration.

ALTERNATIVES

1. Direct staff to prepare an amendment to extend the Englishman River Water Service Joint Venture Agreement and forward to the Joint Venture Partners for consideration.
2. Provide alternate direction to staff.

SUMMARY/CONCLUSIONS

The ERWS Joint Venture Agreement expires in 2016. The partners' (RDN and Parksville) commitment to extending the Agreement needs to be confirmed, and an amendment to the agreement executed. Staff are seeking ERWS Management Board direction to prepare a draft amendment to extend the ERWS Joint Venture Agreement and forward to the Joint Venture Partners for consideration.

Report Writer

CAO Concurrence

See copy

ENGLISHMAN RIVER WATER SERVICE

Joint Venture Agreement

THIS AGREEMENT dated for reference the 1st day of July, 2011,

BETWEEN:

REGIONAL DISTRICT OF NANAIMO
a corporation incorporated under the *Local Government Act*
6300 Hammond Bay Road
Nanaimo, BC V9T 6N2

(the "RDN")

OF THE FIRST PART

AND:

CITY OF PARKSVILLE
a municipal corporation incorporated under the *Local Government Act*
100 E. Jensen Avenue, P.O. Box 1390
Parksville, BC V9P 2H3

("Parksville")

OF THE SECOND PART

WHEREAS:

- A. RDN under the *Local Government Act*, and Parksville under the *Community Charter*, each have the power to design, construct, install, own, operate, maintain, repair and replace the Englishman River Water Intake and Treatment Facility;
- B. RDN and Parksville wish to enter into an Agreement to create a Joint Venture under their authority under the *Local Government Act* and *Community Charter* for the purpose of designing, constructing, installing, owning, operating, maintaining, repairing and replacing a water intake and treatment facility on land at the Englishman River (the "**Englishman River Water Service**").

NOW THIS AGREEMENT WITNESSES that in consideration of their mutual covenants and agreements, the parties covenant each with the other as follows:

PART 1 DEFINITIONS AND INTERPRETATION

Definitions

1.1 In this Agreement,

- (a) "Administration Cost" means the cost of administering the Englishman River Water Service Joint Venture on a continuing basis. This includes but is not limited to, the costs of Management Committee Support as provided under Section 5.4, Budgeting, Accounting and Financial Records Support as provided under Section 9.4, and audit fees, insurance and licencing fees;
- (b) "Available Cash" means the amount by which cash on hand or on deposit with banks and other financial institutions, Available Credit, and the realizable value of short-term investments not otherwise pledged or required to be maintained as collateral or otherwise committed for the purpose of the Joint Venture, any of which is held by or on behalf of the Joint Venture, exceeds all unpaid cheques issued on and every overdraft in a Joint Venture Account;
- (c) "Budget" means the Operating Budget, Maintenance Budget and Capital Budget;
- (d) "Business Day" means any day except Saturdays, Sundays and statutory holidays in effect in British Columbia;
- (e) "Capital Budget" has the meaning given to it in Section 8.6;
- (f) "Capital Costs" means expenditures incurred or accrued by or on behalf of the Joint Venturers for or in connection with the acquisition or construction of capital assets in accordance with Public Sector Accounting Board Standards for tangible capital assets and includes such costs incurred or accrued since January 1, 1987;
- (g) "Capital Loan" means the several and Limited Recourse borrowings to be entered into by and on behalf of the Joint Venturers, to be secured by, among other things, a first charge on the Englishman River Water Intake and Treatment Facility, and to be applied primarily toward the design, construction, installation and ownership by the Joint Venturers of the Purchased Assets;
- (h) "Community Water Systems" means the water distribution trunks, mains, pumps, valves, appurtenances and related interests in land, held or owned by a municipality or regional district that is a party to this Agreement;
- (i) "Continuing Party" means a party that wishes to acquire the Participating Interest of a Non Continuing Party in the Joint Venture Assets under Section 13.4;
- (j) "Englishman River Water Intake and Treatment Facility" means the bulk water distribution system, intake and treatment system, appurtenances and related interests in land described in Schedule A and contemplated under this

Agreement to supply water in bulk to the Community Water Systems and the Water Service Areas;

- (k) "Event of Default" means one of the events described in Section 11.1;
- (l) "GAAP" means the generally accepted accounting principles (including the methods of application of the principles) established by the Canadian Institute of Chartered Accountants;
- (m) "Joint Venture" means the joint venture named Englishman River Water Service formed between RDN and Parksville under this Agreement;
- (n) "Joint Venture Account" means the bank accounts established under Section 6.1 and any other bank accounts established by the Joint Venturers to be used in connection with the Joint Venture;
- (o) "Joint Venture Assets" means all property and assets, present and future, of every nature whatsoever whether real or personal, corporeal or incorporeal, owned or rented by the Joint Venturers or possessed or rented on behalf of the Joint Venturers, including the Purchased Assets, in each case for the purposes of the Joint Venture whether in the name of any of the Joint Venturers or the Joint Venture;
- (p) "Joint Venture Borrowing" means indebtedness, liabilities and obligations incurred on account of funds borrowed by or on behalf of the Joint Venturers;
- (q) "Joint Venture Costs" means the Operating Costs, Maintenance Costs and the Capital Costs;
- (r) "Joint Venturer" means RDN and Parksville including their respective successors and permitted assigns, and "Joint Venturers" means all of them;
- (s) "Limited Recourse" with respect to a loan means that the right of any lender to recover any amounts, indebtedness or damages owing under or in connection with the loan (whether by reason of breach or default under any covenant, term, representation, warranty or other provisions relating to the loan or otherwise) or owing by the borrower at law or in equity or by statute or contract in connection with the loan, will be limited and restricted to the lender's rights to realize upon the property and assets of the borrower which have been mortgaged, pledged, charged or assigned as security for the loan; except each borrower and its successors and permitted assigns will be liable for and pay to the lender the amount of any losses, liabilities, claims, damages and expenses caused by the fraud (i) committed by that borrower (and not by an agent of that borrower) or (ii) committed by or participated in by one or more persons as officers, council members or directors of that borrower;
- (t) "Maintenance Budget" has the meaning given to it in Section 7.5;
- (u) "Maintenance Costs" means all costs (other than those identified as capital and operating costs) of repairing and maintaining the equipment and capital assets

of the Englishman River Water Service Joint Venture to ensure the service is kept in satisfactory operating condition consistent with industry standards. It includes but is not limited to, testing, parts replacement, repairs, and any directly related materials and labour expenses; and includes such cost incurred and accrued on and after the date of the Bulk Water Supply Facility commences the supply of water in bulk under this Agreement;

- (v) "Management Board" means the board established under Part 4;
- (w) "Non Continuing Party" means a party that does not wish to continue the Joint Venture after the expiry of the Term referred to in Section 13.1(b) of this Agreement;
- (x) "Management Committee" means the Management Committee of the Joint Venture appointed under Part 5;
- (y) "Operating Budget" has the meaning given to it in Section 7.4;
- (z) "Operating Costs" means all costs (other than those identified as capital and maintenance costs) of operating the Englishman River Water Service Joint Venture on a continuing basis. This includes but is not limited to, monitoring costs, overhead costs, indirect labour, utility services, and directly related materials and labour expenses; and includes such costs incurred or accrued on and after the date the Bulk Water Supply Facility commences the supply of water in bulk under this Agreement;
- (aa) "Operator" means the City of Parksville;
- (bb) "Participating Interest" means the percentage interest of a Joint Venturer in the Joint Venture Assets and the profits of the Joint Venture, which will initially be as set out in Section 2.9;
- (cc) "Province" means Her Majesty the Queen in Right of the Province of British Columbia;
- (dd) "Water Licence" means the water licence or licences held by the two Joint Venturers and the Town of Qualicum Beach;
- (ee) "Water Service Area" means an area situated in the RDN that is served by a Community Water System and is identified on Schedule B, subject to boundary alterations of the area:
 - i) under the procedures prescribed by applicable enactments; or
 - ii) by agreement of the Joint Venturers.

Interpretation

- 1.2 For the purposes of this Agreement, except as otherwise expressly provided or as the context otherwise requires:
- (a) "Agreement" means this Agreement as from time to time supplemented or amended by one or more agreements entered into pursuant to the applicable provisions of this Agreement together with all other attachments to it;
 - (b) the word "including", when following any general term or statement, is not to be construed as limiting the general term or statement to the specific terms or matters set forth or to similar items or matters, but rather as permitting the general term or statement to refer to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;
 - (c) reference to a Part or a Section means the corresponding Part or Section of this Agreement;
 - (d) an accounting term not otherwise defined in this Agreement has the meaning assigned to it, and except as otherwise directed in this Agreement, every calculation to be made under this Agreement is to be made in accordance with GAAP;
 - (e) except as otherwise expressly provided, all references to currency mean Canadian currency;
 - (f) words in the singular include the plural and words importing a corporate entity include individuals and vice-versa;
 - (g) reference in this Agreement to a particular numbered paragraph, article or section, or lettered schedule is a reference to the correspondingly numbered paragraph, article, or section, or lettered schedule of this Agreement;
 - (h) reference in this Agreement to an enactment is a reference to an enactment as defined in the *Interpretation Act (British Columbia)*, and includes a reference to an enactment of British Columbia, RDN and Parksville, as applicable;
 - (i) reference in this Agreement to an enactment is a reference to that enactment as amended, revised, consolidated or replaced; and
 - (j) reference in this Agreement to a party is a reference to a party of this Agreement.

Governing Law

- 1.3 This Agreement will be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada.

Headings

- 1.4 The headings given to paragraphs, articles and sections in this Agreement are for convenience of reference only and do not form part of this Agreement and must not be used in the interpretation of this Agreement.

Severance

- 1.5 If any clause or portion of this Agreement is declared or held invalid for any reason, the invalidity does not affect the validity of the remainder of that clause or this Agreement, and the terms and provisions of this Agreement continue to be in force and in effect and are to be construed as if the Agreement had been executed without the invalid portion.

Water Licence

- 1.6 This Agreement is subject to the terms and conditions contained in any Water Licence issued by the Comptroller of Water Rights of the Province of British Columbia.

PART 2 JOINT VENTURE

Formation and Purpose

- 2.1 Subject to the terms and conditions of this Agreement, RDN and Parksville created the Joint Venture for the following purposes:
- (a) to design, construct, install, own, operate, maintain, repair and replace the Englishman River Water Intake and Treatment Facility; and
 - (b) to supply water in bulk to the Community Water Systems and the Water Service Areas.

Englishman River Water Intake and Treatment

- 2.2 On and after the date of this Agreement coming into effect, the parties must with due diligence, and subject to the terms and conditions set out in this Agreement and the Water Licence design, construct, install, own, operate, maintain, repair and replace the Englishman River Water Intake and Treatment Facility as generally described in Schedule A.

Name

- 2.3 The name of the Joint Venture will be "Englishman River Water Service" or such other name as from time to time the Management Board determines. The business and affairs of the Joint Venture will be concluded to the extent possible under such name or in the name of the Joint Venturers with the designation that they are doing business in joint venture under such name.

Dedication of Assets

- 2.4 Each Joint Venturer as long as it is a Joint Venturer, dedicates for the purposes of the Joint Venture, all its interest in Joint Venture Assets and all its rights to use and enjoy Joint Venture Assets.

Nature of Obligations

- 2.5 Unless the Joint Venturers otherwise agree, the liabilities and obligations of the Joint Venturers under this Agreement, and under any agreement contemplated by or related to this Agreement, will be several to the extent of their respective Participating Interests and not joint or joint and several and all agreements made on behalf of the Joint Venture will, to the extent practicable, state the liability of the Joint Venturers to be several.

Partition

- 2.6 Except on termination of this Agreement or withdrawal under Part 13, no Joint Venturer will be entitled to demand partition of the Joint Venture or the Joint Venture Assets.

No Partnership

- 2.7 The Joint Venturers expressly disclaim any intent to create a partnership with respect to the Joint Venture or the ownership or operation of the Joint Venture Assets, and disclaim any intent to create a partnership with respect to the exercise of their rights under this Agreement, the administration of the Joint Venture Assets or any other matter relating to this Agreement. None of the Joint Venturers will have any authority, actual or implied, to act for the other as agent or otherwise or to bind the others.

Representations and Warranties

- 2.8 Each Joint Venturer represents and warrants to the others as follows:
- (a) it has the power and capacity to enter into this Agreement;
 - (b) this Agreement is valid and binding on it in accordance with its terms;
 - (c) the performance of its obligations under this Agreement does not breach the terms of any other agreement or obligation to which it is a party; and
 - (d) it now holds and will hold its Participating Interest beneficially and free and clear of all restrictions, liens, encumbrances, floating charges or agreements of any kind except
 - (i) for the obligations created under this Agreement; or
 - (ii) as agreed among the Joint Venturers from time to time.

Participating Interest

- 2.9 The Participating Interest of each of the Joint Venturers as at the date of this Agreement is the same as the apportionment of Capital Costs as set out in Schedule C.

PART 3 ACQUISITION

Completion of Agreements

- 3.1 Subject to the approval of the Board of RDN and Council of Parksville, each of the parties will cooperate fully and take all reasonable steps to negotiate, finalize and execute all agreements, instruments and other documents contemplated by or related to this Agreement.

PART 4 MANAGEMENT BOARD

Formation and Membership

- 4.1 There will be a Management Board composed of four members, two members from each Joint Venturer, who are the parties' appointees to the Management Board of the Arrowsmith Water Service and their alternates. Upon execution of this Agreement and subsequently prior to January 1 every year, each of the Joint Venturers must appoint as members to the Management Board the elected officials who are the parties' appointees to the Arrowsmith Water Service and their alternates.

Chair

- 4.2 The Management Board must elect a Chair from among its members on the basis of one vote for each member.

Meetings

- 4.3 During each fiscal year of the Joint Venture, the Management Board will hold at least two meetings at such times and places as the Management Board may determine for the purpose of approving a budget and the annual report. The Chair will call additional meetings of the Management Board upon the request of any member of the Management Board.

Notice of Meetings

- 4.4 The Chair will give to each and alternate member of the Management Board 24 hours' written notice of the place, date and time of any meeting and of the agenda for such meeting. The agenda will indicate the nature of the business to be transacted at the meeting. The requirement for 24 hours' notice may be waived by resolution passed at the commencement of the meeting by all three members or their alternate members.

Telephone Meetings

4.5 A member or alternate member may participate in a meeting of the Management board by means of telephone or other communication facilities as permit all persons participating in the meeting to hear each other and will be deemed to be present at that meeting.

Quorum

4.6 A quorum for each meeting of the Management Board will be three members.

Votes

4.7 At all meetings of the Management Board, each member representing:

- (a) Parksville shall have three votes; and
- (b) RDN shall have two votes.

Voting

4.8 Every decision of the Management Board will require five votes.

4.9 Section 4.7 does not apply to voting for the Chair under Section 4.2 which shall be on the basis of one vote for each member.

Resolutions in Writing and Minutes

4.10 The Chair will cause minutes of each meeting of the Management Board to be kept and a copy to be circulated to each member and alternate member. A resolution in writing signed in whole or in counterparts by all of the members of the Management Board in respect of any matter falling within the competence of the Management Board will be effective as if adopted at a meeting. The Chair of the Management Board will promptly send to the Joint Venturers and each member a copy of any such resolution.

Dispute Resolution

4.11 If the Management Board is unable to agree on any matter within its power that has been referred to it after consideration of that matter at two meetings of the Management Board, any of the Joint Venturers may declare a deadlock by notice in writing to the others specifying the matter at issue and the position, with reasons, of the declaring Joint Venturer, all in reasonable detail. If the deadlock is not resolved within 15 Business Days after receipt of such notice, any Joint Venturer may refer the issues to dispute resolution pursuant to the provisions of this Agreement. Each party to the arbitration shall pay costs on the basis determined by the single arbitrator.

Deadlock As to Budget

4.12 If the Management Board or Joint Venturers fail to approve the Budget for the next ensuing fiscal year, the Operator will, until a new Budget is approved by the Joint

Venturers or determined by arbitration, operate the business of the Joint Venture in the normal course on the basis as consistent as possible with the last Budget, if any, approved by the Management Board.

Decisions Binding

4.13 Subject to Section 4.15, all decisions of the Management Board made within its power under this Agreement will be binding on the Joint Venturers.

Management Board's Power

4.14 In addition to the powers conferred on it by any provision of this Agreement, the Management Board must:

- (a) review, and recommend for the approval of the Joint Venturers, the Budget;
- (b) review, and make recommendations to the Joint Venturers with respect to (but not to approve) any material agreements to be entered into by the Joint Venture;
- (c) conduct, direct and supervise the business, affairs and operations of the Joint Venture;
- (d) give direction to the Management Committee;
- (e) make recommendations to the Joint Venturers with respect to any amendments to this Agreement;
- (f) cause to be entered into and amended all agreements which are necessary or appropriate for the day-to-day operation of the Joint Venture, except those agreements which the Management Board would not have the power to approve under Section 4.15 and, if considered advisable by the Management Board in the interests of the Joint Venture, terminate such agreements;
- (g) initiate technical studies when deemed advisable;
- (h) prepare plans for capital expenditures;
- (i) review and approve the annual and periodic financial statements of the Joint Venture.

Limits on Management Board's Power

4.15 Despite Section 4.13, the Management Board will not have the power, without the approval of each of the Joint Venturers:

- (a) to do anything for which RDN or Parksville requires authorization or approval under the *Local Government Act, Community Charter*, successor legislation or other applicable enactments without the prior confirmation from them that such authorization or approval has been obtained by RDN or Parksville, as applicable;

- (b) to do anything within the legislative discretion of a Joint Venturer;
- (c) to authorize Joint Venture Borrowing or making an annual Budget;
- (d) to authorize any distributions of available cash to the Joint Venturers;
- (e) to authorize adding a new party under Part 14;
- (f) to authorize the disposition of all or any part of the interest of a Joint Venturer in this Agreement.

Powers of the Management Board Chair

4.16 The function of the Management Board Chair will be to carry out the functions and duties prescribed by the Management Board and, if present, to preside at meetings of the Management Board. If the Management Board Chair is absent from a meeting, then his or her alternate member must preside.

Technical Committees

4.17 The Management Board may from time to time establish technical committees, such as a Capital Planning Committee or a Construction Committee, as it considers appropriate in the circumstances. The Management Board may appoint to the technical committees such persons as the Management Board considers appropriate.

Expenses

4.18 The members and alternate members of the Management Board will not as such be entitled to be paid any compensation by the Joint Venture and any remuneration that may be paid to them in such capacity by the Joint Venturers by which they have been appointed will not form part of the Operating Costs.

PART 5 MANAGEMENT

Appointment of Management Committee

5.1 The Management Committee will be the Chief Administrative Officer of each Joint Venturer plus one other member from each Joint Venturer as appointed by that Joint Venturer's Chief Administrative Officer.

Duties and Functions of the Management Committee

5.2 The Management Committee must:

- (a) make recommendations to the Management Board on matters relating to the Joint Venture;
- (b) prepare and distribute agendas for Management Board meetings;

- (c) keep minutes of meetings of the Management Board;
- (d) administer this Agreement and any agreements made by or on behalf of the Joint Venture;
- (e) make recommendations to the Management Board respecting the making, amending or implementation of agreements made by or on behalf of the Joint Venture;
- (f) monitor the financial circumstances of the Joint Venture;
- (g) generally do all things necessary or advisable in connection with the business of the Joint Venture in accordance with this Agreement;
- (h) do such other acts and things on behalf of the Joint Venture as the Management Board Chair may direct from time to time; and
- (i) give direction to the Operator.

Limits on Management Committee

- 5.3 None of the powers, authorities or discretions delegated to the Management Committee may encroach on powers, authorities or discretions properly exercisable by the Management Board. The powers, authorities and discretions exercised by the Management Committee are subject to the direction of and guidelines established by the Management Board and any other restrictions, limitations and approvals set out in this Agreement, including the limitations set out in Section 4.15, and within the constraints of the Budget from time to time.

Management Committee Support

- 5.4 The RDN shall provide, at the cost of the Joint Venture, administrative support to the Management Committee and the Management Board as required by this Agreement.

Liability

- 5.5 The Joint Venturers release the Management Committee members, Management Board members, the Operator and the Joint Venturers' agents of and from any and all loss, costs, damages, expenses and liabilities suffered or incurred by the Joint Venturers or any of them in respect of the matters arising out of or attributable to any negligence of, or breach of the provisions of this Agreement by the Management Committee, Management Board members or Joint Venturers' agents, in connection with the observance and performance of any of the covenants, agreements or duties of the Management Committee, Management Board members, the Operator or Joint Venturers' agents to be observed or performed under this Agreement, except losses, costs, damages, expenses and liabilities caused by the wilful wrongful act of any one or more of the Management Committee, Management Board members, the Operator or Joint Venturers' agents.

PART 6 OPERATIONS

Operations

- 6.1 Subject to this Agreement, the Operator will, on behalf of the Joint Venture, operate, maintain and repair the Englishman River Water Intake and Treatment Facility.
- 6.2 The Operator may, subject to direction from the Management Committee, contract for goods and services on behalf of the Joint Venture in accordance with the Operators purchasing policy and subject to this Agreement.

PART 7 FINANCES

Bank Accounts, Deposits, Disbursement and Investment of Funds

- 7.1 The Operator shall be responsible for recording and preparation of the accounts of the Joint Venture, including but not limited to preparation of accounts receivable and accounts payable, annual budgets and financial reports to the Management Committee, ensuring that the accounts of the Joint Venture are audited annually in accordance with the *Local Government Act*, and investing any surplus funds in the Joint Venture Account in the manner approved by the Management Board from time to time.
- 7.2 The Operator may open and maintain, with the Operator's usual bank or other bank approved by the Management Board, a Joint Venture Account in the name of the Joint Venture. All funds receivable by the Joint Venture may upon receipt be deposited in the Joint Venture Account. Members of the Management Board will have signing authority on the Joint Venture account alone or together with such other persons or the Operator's staff the Management Board approves. Any payment to be made by the Operator on behalf of the Joint Venture will be made out of the Joint Venture Account.
- 7.3 The Operator shall manage the financial affairs of the Joint Venture in accordance with the approved Budget and GAAP.

Cash Requirements

- 7.4 The Joint Venturers will take all reasonable steps to ensure that sufficient funds are available to allow the Joint Venture to complete transactions called for by agreement of the parties under this Agreement. The Operator may request that the Joint Venturers provide cash advances on account of Operating Costs. Otherwise, the Joint Venturers must pay an annual requisition provided for in the Budget by May 31 of each year.

Operating Loans

- 7.5 For the purpose of financing operations and sustaining capital expenditures of the Joint Venture, if the Joint Venturers establish and maintain a line of credit, it must be established and maintained on a Limited Recourse basis in such maximum amount

and on such terms and conditions as the Joint Venturers from time to time are reasonably able to arrange.

Application of Available Cash

7.6 Available Cash will be applied to pay Operating Costs and Maintenance Costs as they fall due or in the normal course of operations.

Additional Contributions

7.7 If an approved Budget contemplates contributions from the Joint Venturers to finance Capital Costs, the Joint Venturers will advance the contemplated contribution to the Joint Venture promptly upon receipt from the Operator of a request to do so.

Place of Payments

7.8 All payments to be made under this Agreement to the Joint Venture will be made to the Operator.

Cash Contributions

7.9 Subject to:

- (a) the terms of Joint Venture Borrowings, including the Operating Loan; and
- (b) the establishment by the Joint Venturers, based on the recommendations of the Management Board taking into account anticipated Joint Venture costs and revenue, of prudent reserves for Operating Costs, Maintenance Costs and Capital Costs,

within 90 days after each fiscal year end of the Joint Venture, Available Cash will be used to:

- (c) pay down Joint Venture Borrowing; or
- (d) pay Maintenance Costs or Operating Costs.

7.10 A party may make a cash advance in respect of the portion of Capital Costs allocated to that party under this Agreement, in which case that party is not liable for Joint Venture Borrowing related to that portion of Capital Costs in respect of which the party made the cash advance.

Capital Cost Apportionment

7.11 The Capital Costs will be apportioned among the parties as set out in Schedule C.

Operating Costs Apportionment

7.12 The Operating Costs will be apportioned among the parties on the basis of the metered flow to the party receiving the water from the Englishman River Water Intake and Treatment Facility.

Maintenance Costs Apportionment

- 7.13 The Maintenance Costs will be apportioned among the parties on the basis of the percentage of the Capital Costs apportioned in respect of that party pursuant to the formulae in Schedule C.

Administrative Costs Apportionment

- 7.14 The Administrative Costs will be apportioned among the parties on the basis of the percentage of the Capital Costs apportioned in respect of that party pursuant to the formulae in Schedule C.

Approval of Electors

- 7.15 To the extent lawfully possible, the parties shall conduct jointly any process required to obtain the assent of the electors for any loan authorization bylaw and will not borrow funds under the loan bylaw unless approval is obtained to the borrowing within Parksville and the Water Service Area.

PART 8 BUDGETS

Fiscal Year

- 8.1 The fiscal year end of the Joint Venture will be December 31.

Provisional Budgets

- 8.2 On or before December 15th of the year preceding each fiscal year of the Joint Venture, the Management Committee will submit to the Management Board for its review a provisional operating budget (the "provisional Operating Budget"). A provisional maintenance budget (the "provisional Maintenance Budget") and a provisional capital expenditure budget (the "provisional Capital Budget"). The Management Board must recommend these provisional Budgets for the consideration of the Joint Venturers.

Budget Recommendations

- 8.3 On or before January 31st in each fiscal year of the Joint Venture, the Management Board must recommend to the Joint Venturers an Operating Budget, Maintenance Budget and Capital Budget.

Operating Budget

- 8.4 The Operating Budget will set out in reasonable detail the proposed operations, works and undertakings to be carried out in the Joint Venture and will include for such fiscal year the amount, by category, of each component of Operating Costs and will indicate the amount of such Operating Costs estimated to be payable by each Joint Venturer in accordance with the provisions of this Agreement, after taking into consideration anticipated revenues.

Maintenance Budget

- 8.5 The Maintenance Budget will set out in reasonable detail the proposed maintenance operations, works and undertakings to be carried out in the Joint Venture and will include for such fiscal year the amount, by category, of each component of Maintenance Costs and will indicate the amount of such Maintenance Costs estimated to be payable by each Joint Venturer in accordance with the provisions of this Agreement, after taking into consideration anticipated revenues.

Capital Budget

- 8.6 The Capital Budget will set out in reasonable detail all Capital Costs for the next five fiscal years and will indicate the amount of such Capital Costs estimated to be payable by each Joint Venturer in accordance with the provisions of this Agreement, after taking into consideration anticipated revenues.

Operations in Conformity with Budgets

- 8.7 Except as permitted by the Management Board (to the extent it has authority under this Agreement to so approve) or decision of the Joint Venturers, all operations of the Joint Venture in each fiscal year will be conducted in conformity with the Budgets applicable to that fiscal year approved by the Joint Venturers.

Approval of Budgets

- 8.8 Subject to Section 4.14, the Management Board will recommend to the Joint Venturers with or without amendment, the Budgets submitted to it by the Management Committee.

Effect of Approved Budgets

- 8.9 The Management Committee, as applicable under Part 5, will implement the approved Budgets and carry out all activities and operations of the Joint Venture in accordance therewith. The Management Committee will not, without the approval of the Management Board (who may require the approval of the Joint Venturers under Section 4.14) incur or commit in any fiscal year on behalf of the Joint Venture any expenditure not provided for in the applicable Budgets. Despite the failure of the Management Board to give any approval required, the Operator may incur on behalf of the Joint Venture any Operating Costs or Capital Cost which needs to be incurred at that time in order to prevent loss, damage or injury, or comply with the requirements of any insurer or regulatory authority or law and any such expenditure will form part of Operating Costs.

PART 9 BUDGET, ACCOUNTING AND FINANCIAL REPORTS AND RECORDS

Accounting Books and Records

- 9.1 The Operator will be responsible for the preparation of financial reports (other than those to be prepared by the Joint Venture's accountants) to be furnished, to the Management Board and the Management Committee hereunder, the maintenance of

adequate accounts, books and records and the allocation between the Joint Venturers of Maintenance, Operating, and Capital Costs and will use reasonable efforts to ensure that such accounts, books, records and the financial reports meet reasonable accounting and tax reporting requirements of each Joint Venturer.

Financial Reports

9.2 The Operator will, upon request from the Management Board, provide the Management Board and Management Committee with unaudited financial statements, reflecting in reasonable detail, but in summary form, the results of operations and financial situation of the Joint Venture for the periods requested.

Location and access to Records

9.3 The Operator will cause all books and records of the Joint Venture to be kept in its offices. The Operator will permit each Joint Venturer, its accountants and other representatives, at the Joint Venturer's own expense and at all reasonable times to examine and make copies of these documents and any documents under the control of the Operator and relating to the Joint Venture.

Budgeting, Accounting and Financial Records Support

9.4 The City of Parksville shall provide at the cost of the Joint Venture, budgeting, accounting and financial reporting support to the Management Committee and the Management Board as required by this Agreement.

PART 10 RESTRICTIONS ON DISPOSITION

No Disposition of Participating Interest

10.1 A Joint Venturer will not sell, assign, pledge, mortgage or otherwise dispose of its interest in this Agreement and the Joint Venture Assets, except as set out in Sections 10.2 or Part 13.

Right of First Refusal to Purchase Participating Interest

10.2 If a Joint Venturer receives a legally binding offer to purchase all or a portion of the Joint Venturer's interest in this Agreement and the Joint Venture Assets, the Joint Venturer will not accept such offer (unless such acceptance is conditional on compliance with this Section 10.2) unless:

- (a) the offer is from another local government;
- (b) it has delivered to the other Joint Venturers a copy of such offer, which delivery will be deemed to be an irrevocable offer by the first Joint Venturer, to sell its interest in this Agreement and the Joint Venture Assets on the same terms, and conditions as are set out in this offer;
- (c) the other Joint Venturer has not accepted the offer within 180 days of receipt thereof; and

- (d) if the other Joint Venturer's consent, which consent to not to be unreasonably withheld or delayed, it completes the agreement of purchase and sale pursuant to the offer (which may include terms for payment agreed by the Joint Venturers) within one year after delivery of the offer to the other Joint Venturer and the purchaser enters into an agreement with the other Joint Venturer whereby the purchaser agreed to become a party to this Agreement and to assume and perform all of the obligations of the selling Joint Venturer hereunder.
- 10.3 Any agreement of purchase and sale formed as provided in Section 10.2 that involves the transfer of title to land or an interest in land will be completed on a Land Title Office business day that is not later than one year after the date on which the offer was first delivered to the other Joint Venturers under Section 10.2(a) and that agreement of purchase and sale is subject to all of the following:
- (a) the agreement of purchase and sale formed thereby is an agreement in respect of which time is of the essence;
 - (b) the selling Joint Venturer shall execute and deliver at completion of the agreement such transfers or other instruments of conveyance, in registerable form, as are necessary to transfer and convey to and in favour of the purchasing Joint Venturer all of the right, title and interest of the selling Joint Venturer in and to this Agreement and the Joint Venture Assets and will do all such things and take all such actions as may be necessary to comply with and fulfil the intent of this Agreement and the agreement of purchase and sale;
 - (c) the purchasing Joint Venturer will pay the purchase price for the interest in question and will execute and deliver all such documents and do all such things and take all such actions as may be necessary to fulfil the intent of this Agreement and the agreement of purchase and sale;
- 10.4 The interest sold out by the selling Joint Venturer will be transferred free and clear of all financial liens, charges and encumbrances whatsoever. Without limiting Section 2.6, each of the Joint Venturers hereby irrevocably and conclusively waives the benefits of all provisions of law relating to actions for a partition or sale in lieu of partition or administration of real and personal property including, without limitation, the *Partition of Property Act* (British Columbia) and each of the Joint Venturers agrees with the others that it will not commence any action at law or in equity for a partition or sale in lieu of partition of any real property that forms part of the Joint Venture Assets or seek administration in respect thereof.
- 10.5 A Joint Venturer must not accept an offer under Section 10.2 received less than one year before the end of the Term of this Agreement under section 13.1(c).
- 10.6 A Joint Venturer may not transfer a Share to a party other than a Joint Venturer except in accordance with Section 10.2 or Part 13.
- 10.7 Notwithstanding section 10.2, in the event that the other Joint Venturers exercise their Right of First Refusal under this part, the terms and conditions will be those as contemplated in Section 10.2 with the exception that the time for payment of the

purchase price to the selling Joint Venturer contemplated by the offer to purchase will, at the option of the purchasing Joint Venturer or Joint Venturers, be extended up to five (5) years; or for such longer term where the assent of the electors has been obtained.

PART 11 LIABILITY OF THE JOINT VENTURE

Liability, Indemnification and Insurance

- 11.1 If a claim by any third party arising out of the operations of the Joint Venture is made against the Joint Venturers or any of them, each of the Joint Venturers will share the liability (including interest and legal fees on a solicitor and client basis) for the claim pro rata to its Participating Interest and will indemnify and save harmless the other Joint Venturer against liability for the claim to the extent of its Participating Interest.

Notwithstanding the foregoing, where a claim arose out of the negligence of one of the Joint Venturers, without any negligence of the other Joint Venturer, the Joint Venturer who was negligent will be fully liable for such claim and will indemnify and save harmless from liability the other Joint Venturer with respect to such claim.

Notice of Claims

- 11.2 Each Joint Venturer against whom a third party claim is advanced, will give prompt and timely notice of that claim to the other Joint Venturers and will allow the other Joint Venturers to participate in the defence, negotiation or settlement of such claim at the cost of the Joint Venturer.

Insurance

- 11.3 The Joint Venturers are public bodies and are insured by the Municipal Insurance Association. Each Joint Venturer will maintain at its sole cost and expense, in good standing for the Term, liability insurance against the third party claims arising from the Joint Venture and operation of the Englishman River Water Intake and Treatment Facility with inclusive limits of not less than Five Million (\$5,000,000.00) Dollars for bodily injury, including death and property damage, and in that event, a Joint Venturer will, on request from another Joint Venturer, provide evidence that such insurance is, at all times during the Term, enforceable and in effect.

PART 12 DEFAULT

Default

- 12.1 The occurrence of any of the following events will be an Event of Default by a Joint Venturer under this Agreement:

- (a) the failure of a Joint Venturer to perform or observe any of its covenants or

agreements in this Agreement, if such failure is not cured within 45 days of written notice from the other Joint Venturers specifying such failure;

- (b) a Joint Venturer becomes insolvent; or
- (c) an administrative commissioner is appointed in respect of a Joint Venturer under section 1027 of the *Local Government Act* and is not discharged within 45 days.

Remedies Upon an Event or Default

12.2 Upon the occurrence of an Event of Default by or with respect to a Joint Venturer:

- (a) the defaulting Joint Venturer will forthwith upon the written request of the other Joint Venturers given within 60 days after the Event of Default, sell its Participating Interest to the other Joint Venturers free and clear of all liens, charges and encumbrances other than security for liabilities incurred in accordance with this Agreement in the business of the Joint Venture, for a price equal to the defaulting Joint Venturer's Participating Interest in the net book value of the Joint Venture Assets as at the date of the written request, less 10% of such book value;
- (b) if the Joint Venturers do not agree as to the net book value of the Joint Venture Assets within 10 Business Days after the date of the written request, then at the direction of any of the Joint Venturers, the net book value will be determined by the accountants for the Joint Venture if the accountants have been appointed for the Joint Venture and are willing to accept such engagement, and otherwise by the business valuator appropriately qualified by the Canadian Institute of Chartered Business Valuators selected by the non-defaulting Joint Venturer, whose opinion will be binding upon the Joint Venturers and whose fees and disbursements for these services will be borne by the defaulting Joint Venturer;
- (c) the closing date for the sale of the defaulting Joint Venturer's interest will be 120 calendar days after the determination of the purchase price and will be completed by the execution and delivery by the defaulting Joint Venturer (the "Seller") of such transfers, bills of sale, assignments and other conveyancing documents from the seller to the purchasing Joint Venturer (the "Buyer") in such form as reasonably required by the Buyer and by the delivery of possession on the Joint Venture Assets to the Buyer;
- (d) the purchase price will be paid by the Buyer on the Closing Date;
 - (i) by set-off to the extent determined by the Buyer against monies due and owing by the Seller to the Buyer, if any;
 - (ii) by the assumption, to the extent determined by the Buyer, of the Seller's share of the liabilities of the Joint Venture; and
 - (iii) as to any balance by certified cheque or bank draft payable to the

Seller's order;

- (e) the obligation of the Buyer to complete the purchase is subject to the condition that all required consents and approvals to the sale have been obtained but this condition is for the sole benefit of the Buyer and may be waived in whole or in part by the Buyer at any time.

The rights and procedures set forth in this Section 12.2 will be concurrent with and in addition to and without prejudice to any other rights or remedies at law or in equity which any Joint Venturer may have in respect of any Event of Default.

PART 13 TERM, WITHDRAWAL AND TERMINATION

Term

- 13.1 This Agreement and the Joint Venture will continue in force until the earlier of:
- (a) the date when all the Joint Venture Assets have been disposed of and all liabilities and obligations incurred from the business of the Joint Venture have been satisfied;
 - (b) the date when a single Joint Venturer acquires the interest of the Joint Venturers in the Joint Venture Assets and the business of the Joint Venture; or
 - (c) four years and six months from the date of the making of this Agreement.
 - (d) provided that following the time referred to in paragraph (c) the parties may then during the following six months exercise their rights of acquisition under sections 13.4, 13.5, 13.9 or 14.1 of this Agreement and for certainty this Agreement shall remain in force for such time insofar as necessary to permit the transactions to be completed.

Withdrawal

- 13.2 A party may withdraw from this Agreement with the approval of all parties to the Agreement and, unless otherwise agreed, subject to the following conditions:
- (a) all capital funds provided to the date of the Notice of Withdrawal by the party proposing to withdraw from the Joint Venture are deemed to be Joint Venture Assets;
 - (b) the additional operating costs arising from the withdrawal of a party under this Agreement must then be assumed by the remaining party or divided between the remaining parties based on the metered flow to the party receiving the supply of water in bulk;
 - (c) the additional maintenance costs arising from the withdrawal of the party must be assumed by the remaining party or apportioned between the remaining parties as outlined in Part 7;

- (d) the Joint Venture Assets are, on and after the date of the Notice of Withdrawal given by the party withdrawing, solely assets of the remaining Joint Venturer or Joint Venturers.

Actions on Termination

- 13.3 Upon the termination of this Agreement and the Joint Venture, other than pursuant to Section 13.1 (b), unless the Joint Venturers otherwise agree, two representatives of each of the Joint Venturers shall meet within 10 business days of the termination and:
- (a) each party shall advise the other parties whether they wish to enter into a new agreement regarding the Joint Venture;
 - (b) if one party does not wish to enter into a new agreement regarding the Joint Venture then, unless the parties otherwise agree, the end of the participation of a Non Continuing Party in the Joint Venture will be determined under Section 13.4;
 - (c) If no party wishes to enter into a new agreement regarding the Joint Venture, and only one party wishes to acquire the Participating Interest of another party or parties in the Joint Venture Assets (the "Continuing Party"), the transfer will be governed by Section 13.4; and
 - (d) In all other cases the terms and conditions of the dissolution of the Joint Venture will be governed by Section 13.5.

Non Continuing Party

- 13.4 If the parties cannot otherwise agree on the terms and conditions regarding the end of the participation of a Non Continuing Party in the Joint Venture, the Non Continuing Party will upon the written request of the Continuing Party given within sixty (60) days after the meeting referred to in Section 13.3, sell its Participating Interest to the Continuing Party on the terms and conditions and in accordance with the procedure in Section 12.2 of this Agreement, provided that the closing date of the sale must take place within five (5) years of the date of this Agreement unless a longer closing date has been approved by the electors.

Dissolution of Joint Venture – Right of First Refusal

- 13.5 (a) Where none of the parties wish to enter into a new joint venture agreement, each party will decide whether it wishes to dispose of its Participating Interest in the Joint Venture Assets, and advise the other parties of its decision in writing within thirty (30) days of the meeting referred to in Section 13.3 of this Agreement;
- (b) A party wishing to dispose of its Participating Interest must offer to sell its Participating Interest in the Joint Venture Assets to the other parties with such sale to be on the terms and conditions and in accordance with the procedure set out in Section 12.2 of this Agreement, provided that the closing date of the

sale must take place within five (5) years of the date of this Agreement, unless a longer closing date has been approved by the electors.

- (c) Where a party has not advised the other parties of its decision within the time limit referred to in paragraph (a), it will be deemed to have offered to sell its Participating Interest in the net book value of the Joint Venture Assets to the other parties under paragraph (b).

Dispute Resolution on Dissolution

13.6 Terms and conditions of the withdrawal of a Non Continuing Party in circumstances not otherwise addressed in this Agreement may be resolved before a single arbitrator in accordance with the procedure that follows the procedures set out in section 813.13 of the *Local Government Act*, with necessary changes insofar as they are applicable as follows:

- (a) the terms and conditions for withdrawal must be resolved before a single arbitrator by full arbitration, unless the parties agree to final proposal arbitration;
- (b) the parties will select the arbitrator from a list of arbitrators prepared by the Minister of Community, Sport and Cultural Development (or such other Minister having responsibility for the *Local Government Act*) for the purposes of section 813.13(3) of the *Local Government Act*, or, if there is no such list, as agreed upon by the parties, or, failing agreement, as appointed by a judge of the British Columbia Supreme Court;
- (c) the arbitrator may conduct the proceedings at the time and in the manner he or she determines;
- (d) the arbitrator must consider any terms and conditions agreed upon by the parties that are to govern the arbitrations;
- (e) the terms and conditions must be resolved by the arbitrator, who is not restricted in his or her decision to submissions made by the parties on the disputed issues;
- (f) the final resolution may establish different terms and conditions for different Non Continuing Parties;
- (g) the arbitrator must give written reasons for the decision; and
- (h) the costs of the arbitration must be borne by the parties as if they were Maintenance Costs under this Agreement.

In reaching his or her decision, the arbitrator must, to the extent practicable, impose terms and conditions that avoid the alienation or transfer of Joint Venture assets from public ownership and for that purpose, ensure that any interest of a party is offered

first to the other parties under this Agreement and secondly to another local government before such assets are made available to any other party.

Liquidation

- 13.7 If no party wishes to continue the Joint Venture, and no party wishes to purchase the interest of the other Joint Venturer pursuant to Sections 13.3 and 13.4, the Joint Venturers will appoint a liquidator to act on their collective behalf to liquidate the Joint Venture Assets. If a liquidator is appointed he or she shall act on behalf of the Joint Venturers to realize the Joint Venture Assets, satisfy all Joint Venture Liabilities and pay the balance of the proceeds of realization to the Joint Venturers in proportion to their Participating Interests. Each of the Joint Venturers will be entitled to bid for and purchase the whole or any part of the Joint Venture Assets on liquidation. Subject to requirements of the *Local Government Act and Community Charter* and to agreement otherwise, liquidation shall be carried out under the procedure of Part 10 of the *Business Corporations Act* (British Columbia) insofar as applicable to a Joint Venture.

Determining Value

- 13.8 If the parties agree on a sale of the Non Continuing Party's Participating Interest but do not agree as to the net book value of the Joint Venture Assets, such value may be determined in accordance with the procedure set out in Section 12.2(b) and the sale of the Non Continuing Party's Participating Interest will be carried out in accordance with the procedure set out in Sections 12.2(c) to (e).

Completion of Sale

- 13.9 If the arbitrator's decision involves the sale of a Non Continuing Party's Participating Interest such sale shall be completed no later than five (5) years from the date of this Agreement unless assent of the electors to such longer term has been obtained.

Survival of Obligations

- 13.10 The provisions of this Part 13 and all other provisions of this Agreement necessary to give full effect thereto will survive the termination of this Agreement and, despite termination of this Agreement or the Joint Venture; no party will by reason of such termination be relieved of any obligation or liability toward any other party accrued hereunder prior to termination all of which will remain unenforceable until fully satisfied.

PART 14 NEW PARTY

- 14.1 A new party other than Qualicum Beach may become a Joint Venturer under this Agreement:
- (a) by entering into an Agreement with the existing Joint Venturers that contains all of the terms and conditions set out in this Agreement; and

- (b) with the unanimous consent of the existing Joint Venturers.

Other Terms and Conditions

- 14.2 Despite Section 14.1, the Joint Venturers may, at any time, make an agreement on behalf of the Joint Venturers to supply water in bulk to a person not a party to the Joint Venture.

PART 15 BOUNDARY ADJUSTMENTS

- 15.1 Despite the other provisions of this Agreement, if the area of a municipality is extended into a Water Service Area:
- (a) that portion of the Water Service Area that was situated in the rural area and that has become added to the municipality is hereby deemed to be added to the Community Water System of that municipality;
 - (b) Capital Costs, Operating Costs and Maintenance Costs will be apportioned as between RDN and the extended municipality by taking into account the deletion of water supply volume from the account of RDN and adding of water supply volume to the account of the municipality; and
 - (c) the cost of the supply of water in bulk to RDN and to the municipality will be adjusted to reflect the reduction of the Water Service Area and extension of the Community Water System.

PART 16 GENERAL

Amendments

- 16.1 This Agreement may not be modified or amended except by written agreement of all the parties hereto.

Notices

- 16.2 Any notice or other communication hereunder will be in writing and will be given by the delivery or rendering thereof its addressee by hand, by prepaid first class mail or by facsimile transmission, to the address below:

- (a) If to RDN:

6300 Hammond Bay Road
Nanaimo, BC V9T 6N2

Attention: Senior Manager, Corporate Administration

(b) if to Parksville:

PO Box 1390
Parksville, BC V9P 2H3

Attention: Director of Administrative Services

Any notice or other communication so given will be deemed to have been received at the time of its delivery if delivered by hand, three Business Days after the date of mailing if mailed and at the time the sender receives a confirmation of dispatch if transmitted by facsimile transmission. Each party will notify the other parties of any change of address.

Entire Agreement

16.3 This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof and replaces and supersedes all previous agreements between the parties relating to the subject matter hereof.

Arbitration

16.4 In the case of a disagreement or a dispute between the parties hereto with respect to this Agreement or the interpretation thereof which has not been resolved within 45 calendar days of either Joint Venturer giving notice to other Joint Venturer thereof, or in the case of a deadlock as described in Section 4.12, the dispute, disagreement or deadlock will, upon notice from either Joint Venturer to the other Joint Venturer, be referred to a single arbitrator pursuant to the *Commercial Arbitration Act* (British Columbia) whose decision will be final and binding.

Enurement

16.5 This Agreement will be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns hereunder.

Further Assurances

16.6 Each party will perform any act and execute and deliver any document reasonably required by any other party to carry out the terms of this Agreement in accordance with the true intent and meaning hereof.

Schedules

16.7 The following Schedules are attached to and form part of this Agreement:

- (a) Schedule A – Englishman River Water Intake and Treatment Facility;
- (b) Schedule B – Water Service Areas;
- (c) Schedule C – Capital Cost Apportionment.

Local Government Act and Community Charter

16.8 The obligations of the parties under this Agreement are subject to the requirements of the *Local Government Act* and the *Community Charter* respecting the provision of the Englishman River Water Intake and Treatment services by the Joint Venturers.

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

	Initial	Date
Content (Mgr)		
Approved (GM)	<i>[Signature]</i>	5/2/11
Legal Form (SMCA)	<i>[Signature]</i>	23/03
Authority (CAO)	<i>[Signature]</i>	23/03

REGIONAL DISTRICT OF NANAIMO by its)
authorized signatories)

[Signature]

 Name: LEE STANHOPE

[Signature]

 Name: Maureen Pearse, Sr. Mgr. Corporate Adm.)

CITY OF PARKSVILLE by its authorized)
Signatories)

[Signature]

 Name: CHRIS BURGER, A/Mayor)

[Signature]

 Name: **FRED C. MANSON**
CHIEF ADMINISTRATIVE OFFICER)

SCHEDULE "A"

DESCRIPTION OF ENGLISHMAN RIVER WATER INTAKE AND TREATMENT FACILITY

Englishman River Water Intake and Treatment Facility - Description of Future Capital Works

1. The 8 hectares parcel of land, legal description; Lot 1, Block 564, Nanoose District Plan 21736 as shown in Schedule A-1 attached hereto;
2. The surface water river bank intake structure located upstream of Highway 19 including trash screens, flow inlet valves, screening, low lift pumps, electrical controls and back flush / overflow piping;
3. Access roads and park remediation works from the treatment facility to the river bank intake structure;
4. The raw water penstock supply main from the river intake structure upstream of Highway 19 to the Water Treatment Facility;
5. Provisional Operational Rule – Arrowsmith Lake Reservoir and Conditional Water License: 110050;
6. The Treatment Facility located on Lot 1, Block 564, Nanoose District Plan 21736 including but not necessarily limited to:
 - Administration office space
 - Lab space and associated equipment
 - Public areas and washrooms
 - Pretreatment building and associated equipment
 - Filtration building and associated equipment
 - Chemical / disinfection building and associated process equipment
 - Pump Station and associated control equipment
 - Dewatering building and associated process equipment
 - Solids storage area and associated process equipment
 - Equalization tanks and associated process equipment
 - Sludge tanks and thickeners
 - Residuals pump station / handling area and associated process equipment
 - Clearwells / distribution pump station and associated control equipment
 - Overflow ponds
 - Facility access road
 - Water meters and general control instrumentation and equipment
 - Centralized Supervisory Control and Data Acquisition (SCADA) for the Water Treatment Facility
 - Centralized SCADA for the distribution system and Aquifer Storage and Recovery (ASR) facility

7. Supply watermains to provide connection from the water treatment facility connecting to the existing Regional District of Nanaimo distribution watermains and the City of Parkville distribution mains.
8. Radio control equipment and housing to provide all wireless communications to all Intake, Treatment and distribution metering and connection points for SCADA monitoring.
9. Aquifer Storage and Recovery facility including all pumps, wells, control buildings, valves, distribution piping, land and supply main piping.

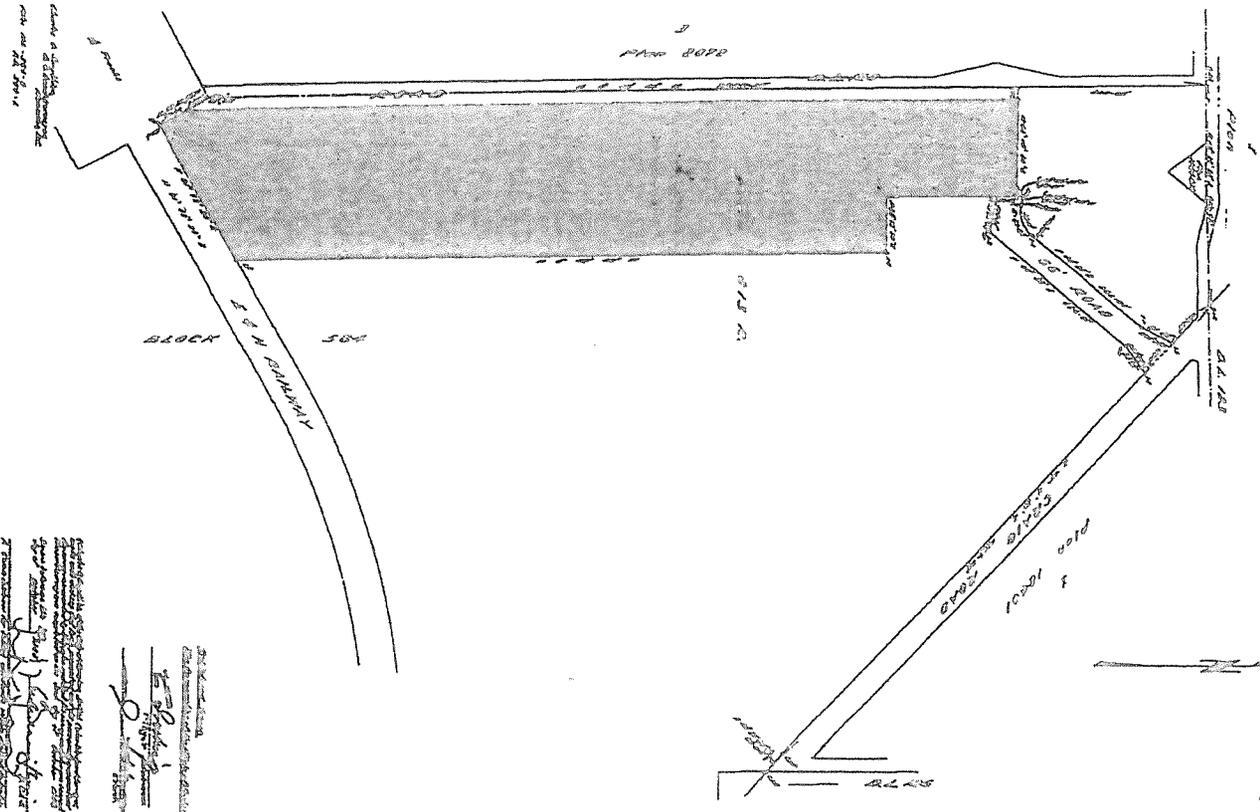
PLAN OF SUBDIVISION OF PART (PART OF) BLOCK 507A

DATE OF SUBMISSION: 11/11/11

DATE OF APPROVAL: 11/11/11

- 1. 1:100 Scale
- 2. 1:100 Scale
- 3. 1:100 Scale
- 4. 1:100 Scale

APPROVED BY:
 [Signature]
 [Signature]
 [Signature]



SCHEDULE A-1

APPROVED BY:
 [Signature]
 [Signature]
 [Signature]

SCHEDULE "B"

WATER SERVICE AREAS

The areas delineated in the following bylaws or descriptions, as shown on the Water Service Area Maps appended to the bylaws are the Water Service Areas:

- Nanoose Bay Bulk Water Supply Service Establishment Bylaw No. 1049.
- French Creek Bulk Water Supply Service Establishment Bylaw No. 1050.

SCHEDULE "C"

CAPITAL COST APPORTIONMENT

The Englishman River Water Intake and Treatment Facility Capital Cost Apportionment

(a) in respect of joint facilities will be as follows:

Parksville: 74%

RDN: Nanoose 16.7%

French Creek 9.3%

(b) in respect of other capital works will be based on the benefit to the Joint Venturer.