

WATER AND WASTEWATER MANAGEMENT AGREEMENT

THIS WATER AND WASTEWATER MANAGEMENT AGREEMENT (this “**Agreement**”) made the 30th day of September, 2020 (the “**Effective Date**”)

BETWEEN:

FOOTHILLS COUNTY,
a municipal corporation under
the *Municipal Government Act*, R.S.A. 2000 Chapter M-26, as
amended,
 (“**FC**”)

OF THE FIRST PART

- and -

PRIDDIS GREENS SERVICES CO-OP LTD.,
a co-operative association existing under the *Rural Utilities Act*
(Alberta) (“**PGSC**”)

OF THE SECOND PART

(FC and PGSC are each referred to herein as
a “**Party**” and are together referred to as the “**Parties**”)

WHEREAS:

- A. PGSC is a services co-operative that, among other things, is responsible for managing and maintaining certain water and wastewater infrastructure, including a water treatment plant and distribution system, a wastewater treatment plant and collection system, and a firewater distribution system, located within the Service Area, for the purpose of providing Water Treatment Services and Wastewater Treatment Services to the PG Residents;
- B. PGSC is the holder of Alberta Environment and Parks Approval No. 1590-03-00, a true copy of which is attached hereto as Schedule “A”, with respect to the operation of the Water Treatment Plant and supply of Water and Water Treatment Services to the Service Area (the “**Water Approval**”);
- C. PGSC is the holder of Alberta Environment and Parks Approval No. 1589-03-00, a true copy of which is attached hereto as Schedule “B”, with respect to the operation of the Wastewater Treatment Plant and supply of Wastewater Treatment Services to the Service Area (the “**Wastewater Approval**”);
- D. PGSC is the owner of Water Licenses No. 00464807, 00031588-00-00 and 00031589-00-00 , true copies of which are attached hereto as Schedule “C” (the “**Water Licenses**”);
- E. The Parties have signed a binding memorandum of understanding of even date herewith (the “**MOU**”), pursuant to which all of the Utility Services Assets will be purchased by FC from PGSC (the “**Transaction**”);

- F. In connection with the Transaction, and as of the Effective Date, FC shall assume the operation of the Utility Services Assets and the provision of the Utility Services to the PG Residents; and
- G. PGSC and FC wish to establish the terms and conditions under which FC will provide the Utility Services to the PG Residents immediately following the Effective Date;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the promises, mutual terms, covenants and conditions contained within this Agreement, the Parties hereto agree as follows:

1. Definitions

In this Agreement:

- (a) “**Action**” has the meaning set forth in Section 8.6;
- (b) “**AEP**” means Alberta Environment and Parks;
- (c) “**Agreement**” means this Water and Wastewater Management Agreement and the schedules attached hereto, together with such amendments, extensions and renewals as may be evidenced in writing and executed by the Parties from time to time;
- (d) “**Applicable Laws**” means all applicable federal, provincial and municipal legislation and related regulations, protocols, guidelines, permits, approvals, and licenses which, without limiting the generality of the foregoing, shall include the provisions of the *Water Act* R.S.A. 2000 Chapter W- 3, the *Environmental Protection and Enhancement Act*, R.S.A. 2000 Chapter E-12, *Guidelines for Canadian Drinking Water Quality and Standards and Guidelines for Municipal Waterworks, Wastewater and Storm Drainage Systems*;
- (e) “**Approved Contractors**” means the list of contractors to be provided by PGSC to FC who have previously constructed and/or maintained the Water Distribution System;
- (f) “**Best Efforts**” means taking, in good faith, all reasonable steps to achieve the objective, leaving no stone unturned and doing everything known to be usual, necessary and proper for ensuring the success of the endeavour;
- (g) “**Defaulting Party**” has the meaning set forth in Section 12.1;
- (h) “**Dispute**” has the meaning set forth in Section 13.1;
- (i) “**Dispute Notice**” has the meaning set forth in Section 13.2;
- (j) “**Emergency**” means a sudden and unexpected condition which disrupts the provision of Water Treatment Services and requires immediate action, including, but not restricted to an order or direction from AEP, Water contamination, a flood, water shortage, equipment failure, Water Distribution System or Water Treatment Plant failure or breakdown, and electrical outages;

- (k) **“Emergency Response Plan”** means the emergency response plan developed by PGSC in accordance with the Water Approval;
- (l) **“Escalation to Executive Notice”** has the meaning set forth in Section 13.2;
- (m) **“Escalation to Mediation Date”** has the meaning set forth in Section 13.2;
- (n) **“Event of Default”** has the meaning set forth in Section 12.1;
- (o) **“Executives”** has the meaning set forth in Section 13.2;
- (p) **“Force Majeure”** means acts of God, strikes, lockouts or other industrial disturbances of a general nature affecting an industry critical to the performance of this Agreement, acts of the Queen’s enemies, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and people, civil disturbances, explosions, inability with reasonable diligence to obtain materials and any other cause not within the control of the Party claiming a suspension, which, by the exercise of due diligence, such Party shall not have been able to avoid or overcome; provided however, the term “Force Majeure” does not include a lack of financial resources or available funds or similar financial predicament or economic circumstances or any other event, the occurrence or existence of which is due to the financial inability of a Party to pay any amount that a prudent and financially sound entity in similar circumstances would reasonably be expected to pay to avoid or discontinue such event;
- (q) **“Indemnified Party”** has the meaning set forth in Section 8.5;
- (r) **“Indemnifying Party”** has the meaning set forth in Section 8.5;
- (s) **“Interest”** means prime daily commercial lending rate of the TD Canada Trust bank posted at its head office in Calgary, plus 1.5 percent per month;
- (t) **“Invoices”** has the meaning set forth in Section 7.1;
- (u) **“Lands”** means lands having a municipal address of #2 Priddis Greens Dr., Priddis Greens, AB T0L 1W3;
- (v) **“Losses”** has the meaning set forth in Section 8.1;
- (w) **“Maximum Water Daily Quantity”** means the 520 Cubic Meters per day;
- (x) **“Meter”** means water metering equipment installed by FC;
- (y) **“MOU”** has the meaning set forth in the recitals;
- (z) **“Non-defaulting Party”** has the meaning set forth in Section 12.1;
- (aa) **“Notice of Default”** has the meaning set forth in Section 12.2;
- (bb) **“Operating Pressure”** means the water pressure requirements set forth in the Water Approval;

- (cc) **“Payment Default”** has the meaning set forth in Section 12.1(a);
- (dd) **“Performance Default”** has the meaning set forth in Section 12.1(b);
- (ee) **“PG Residents”** means the residents of the hamlet of Priddis Greens, in Foothills County;
- (ff) **“Rate”** means:
 - (i) the fee charged per volume of Water delivered to the Service Area; and
 - (ii) the connection fees charged to the PG Residents for enabling the delivery of Water to the PG Residents;all as established, billed and collected by FC;
- (gg) **“Raw Water”** means untreated source water drawn from Priddis Creek or Loon Lake and delivered to the Water Treatment Plant;
- (hh) **“Service Area”** means the areas within the community of Priddis Greens described in Schedule “H”;
- (ii) **“Standard Utility Rates”** has the meaning set forth in Section 6.2;
- (jj) **“Term”** has the meaning set forth in Section 3.1;
- (kk) **“Transaction”** has the meaning set forth in the recitals;
- (ll) **“Utility Services”** means, together, the Water Treatment Services and the Wastewater Treatment Services;
- (mm) **“Utility Services Assets”** means all assets owned by PGSC prior to the Transaction that are used for the provision of the Utility Services to the PG Residents, including, but not limited to the Water Treatment Plant, Water Approval, Water Licenses, Wastewater Collection and Treatment System, Wastewater Treatment Plant, Wastewater Approval and Wastewater Licenses;
- (nn) **“Wastewater”** means domestic sewage from the residences of Priddis Greens and the Priddis Greens Golf and Country Club to be treated to a quality meeting all AEP discharge criteria as stated in the Approval and Applicable Laws;
- (oo) **“Wastewater Approval”** means Alberta Environment and Parks Approval 1589-03-00 together with all other documentation and plans referenced within the Approval including Wastewater Safety Plan, Operations Program, Emergency Response Plan and Water Shortage Response Plan;
- (pp) **“Wastewater Collection and Treatment System”** means the Wastewater Treatment Plant, collection sewers and lift stations, all pipelines, pumps, improvements, Meters, works and facilities whether free standing or otherwise, appurtenances, access roads, gates, land, easements and rights of way or whether ancillary thereto or connected therewith, whether existing as at the date of this Agreement or constructed in the future, all currently owned by PGSC, as

more particularly described in Schedule “G”, together with any and all approvals, licenses, storage tanks, reservoirs, pumps, water systems, septic tanks, pipes, improvements, works and facilities, whether free standing or otherwise, or whether ancillary thereto or connected therewith;

- (qq) **“Wastewater Licenses”** includes all wastewater licenses issued by AEP as are applicable to the Wastewater Collection and Treatment System and the provision of the Utility Services to the Service Area, as may be amended or replaced from time to time;
- (rr) **“Wastewater Treatment Plant”** means that Wastewater Collection and Treatment System owned by PGSC and located on the Lands, as more particularly described in Schedule “G”;
- (ss) **“Wastewater Treatment Services”** means those services more fully described in Schedule “E”;
- (tt) **“Wastewater Utilities Bylaws”** means any bylaw of general application now or hereafter established, amended or replaced from time to time by the FC Council governing, amongst other things:
 - (i) the manner in which wastewater services shall be provided within all or any portion of FC;
 - (ii) the manner in which wastewater services may be extended to additional lands or users; and;
 - (iii) the manner in which operations of any wastewater service provider shall be conducted within or upon any properties owned by or under the care, control or management of FC.
- (uu) **“Water”** means potable water suitable for human consumption which has been treated and tested by FC in accordance with the Approval and Applicable Laws;
- (vv) **“Water Approval”** means Alberta Environment and Parks Approval 00000-01-00 together with all other documentation and plans referenced within the Approval including the Drinking Water Quality User Agreement, Drinking Water Safety Plan, Operations Program, Emergency Response Plan and Water Shortage Response Plan;
- (ww) **“Water Connection Points”** means the points along the Water Distribution System where the property curb stop valves are located;
- (xx) **“Water Distribution System”** means the Water Treatment Plant, Priddis Creek and Loon Lake points of diversion, treated Water storage reservoir, all pipelines, water mains, pumps, improvements, Meters, works and facilities whether free standing or otherwise, appurtenances, access roads, gates, land, easements and rights of way whether ancillary thereto or connected therewith, whether existing as at the date of this Agreement or constructed in the future, all currently owned by PGSC, as more particularly described in Schedule “F”, together with any and all approvals, licenses, storage tanks, reservoirs, pumps, water systems, pipes,

improvements, works and facilities, whether free standing or otherwise, or whether ancillary thereto or connected therewith;

- (yy) **“Water Licenses”** has the meaning set forth in the recitals, and includes all water licenses issued by AEP for all points of diversion applicable to the Water Distribution System and the provision of the Utility Services to the Service Area, as may be amended or replaced from time to time;
- (zz) **“Water Quality Requirements”** means the requirements of the Approval together with any and all other applicable permits, approvals or Applicable Laws, governing or otherwise applying to the treatment of Raw Water and the supply of Water as contemplated within this Agreement;
- (aaa) **“Water Sources”** means those Water sources located and as shown and described in Schedule “I”, and specifically Priddis Creek and Loon Lake;
- (bbb) **“Water Treatment Services”** means those services more fully described in Schedule “D”;
- (ccc) **“Water Treatment Plant”** means that water treatment plant and distribution system owned by PGSC and located on the Lands, as more particularly described in Schedule “F”; and
- (ddd) **“Water Utilities Bylaws”** means any and all bylaws of general application now or hereafter established, amended or replaced from time to time by the FC Council governing, amongst other things:
 - (i) the manner in which Water Treatment services shall be provided within all or any portion of FC;
 - (ii) the manner in which Water Treatment services may be extended to additional lands or users; and;
 - (iii) the manner in which operations of any Water service provider shall be conducted within or upon any properties owned by or under the care, control or management of FC.

2. Recitals and Schedules

2.1 The Parties hereby confirm and ratify the matters contained and referred to in the Recitals to this Agreement and agree that same and the various schedule(s) hereto are expressly incorporated into and form part of this Agreement:

Schedule “A”	Water Approval
Schedule “B”	Wastewater Approval
Schedule “C”	Water Licenses
Schedule “D”	Water Treatment Services
Schedule “E”	Wastewater Treatment Services

Schedule “F”	Water Distribution System
Schedule “G”	Wastewater Collection and Treatment System
Schedule “H”	Service Area
Schedule “I”	Water Sources

3. Term

- 3.1 Subject to Article 14 of this Agreement, the term of this Agreement shall commence on the Effective Date and continue in force until the completion of the sale of the Utility Services Assets to FC in accordance with the MOU and an asset purchase agreement to be entered into between FC and PGSC (the “**Term**”).

4. PGSC Obligations

4.1 PGSC shall:

- (a) provide FC with a list of Approved Contractors;
- (b) provide FC with current and updated copies of the Water Licenses and Water Approval including all relevant documentation referenced in the Water Approval including but not limited to the Drinking Water Quality User Agreement, Drinking Water Safety Plan, Operations Program, Emergency Response Plan and Water Shortage Response Plan;
- (c) provide FC with “as built” plans and the operator's manual for the Water Treatment Plant and Water Distribution System; and
- (d) within five (5) calendar days of receipt, notify FC immediately of any order or directive issued by AEP received by PGSC relating to:
 - (i) the Water Distribution System;
 - (ii) supply of Water to the Service Area;
 - (iii) plant testing, monitoring or operation outside of the normal operating parameters, PGSC will provide notification of the order to FC within 30 days; or
 - (iv) any other component of the Utility Services.

5. FC Obligations

5.1 FC shall:

- (a) provide the Utility Services on a 24/7 basis throughout the Term in accordance with the Water Approval, Water Licenses, Wastewater Licenses, Water Utility Bylaws, Wastewater Utility Bylaws and all Applicable Laws;

- (b) provide appropriately qualified staff required for the performance of FC's obligations pursuant to this Agreement including but not limited to:
 - (i) a qualified water treatment plant operator at the Water Treatment Plant who holds applicable credentials, which includes, at a minimum, a valid Level III (or higher) Water Treatments Operator Certificate; and
 - (ii) a qualified person to operate or to direct the operation of the Water Distribution System who holds applicable credentials, which includes, at a minimum, a valid Level I (or higher) Water Distribution Operators Certificate;
- (c) be bound by and observe the Water Approval, Water Licenses, Wastewater Licenses, Water Utility Bylaws, Wastewater Utility Bylaws and all Applicable Laws and cause all of its employees and approved subcontractors to be so bound;
- (d) subject to the terms of the MOU, obtain, maintain and comply with at its sole expense all necessary permits, licenses, consents and approvals required by all authorities having jurisdiction incidental to the performance of FC's obligations under this Agreement;
- (e) construct, own, maintain, operate and reclaim or cause to be maintained, operated and reclaimed the Water Distribution System in accordance with the Water Approval, Water Licenses and all Applicable Laws at FC's sole cost and expense, including but not limited to all upgrades and replacements as may be required from time to time;
- (f) pay all fees and all other costs incidental to the performance of FC's obligations under this Agreement;
- (g) read, maintain, calibrate, repair and replace all Meters;
- (h) perform semi-annual fluoride testing, including, but not limited to collecting and distributing all PG Resident water samples required in accordance with the Water Approval, forward the results to AEP as required, and take any necessary corrective actions that the results of such tests may dictate;
- (i) complete all updates of plans and programs as required by the Water Approval including but not limited to the annual update to the Operations Program;
- (j) be responsible at its sole cost and expense to perform all outside maintenance reasonably required at the Water Treatment Plant, including, but not limited to snow clearing, grass cutting, repairs and improvements to roads and landscaping on the Lands and the lands upon which the Water Treatment Plant is situated;
- (k) make Water available for distribution to the Service Area:
 - (i) to an aggregate amount of the Maximum Water Daily Quantity;
 - (ii) at the Operating Pressure; and

- (iii) which complies with Water Quality Requirements; and
 - (l) use Best Efforts to ensure that no contamination, pollutants, foreign matter or like materials enter the Water Distribution System;
 - (m) set the appropriate Rate to be charged for Water in the Service Area;
 - (n) bill, collect and retain all amounts charged for Water provided in the Service Area;
 - (o) operate and maintain the Water Treatment Plant in accordance with the operator's manual provided by PGSC;
 - (p) operate and maintain the Wastewater Treatment Plant in accordance with the operator's manual provided by PGSC; and
 - (q) perform annual valve exercising and directional flushing of water lines in accordance with the past practices employed by PGSC, as such practices relate to any applicable portion of the Utility Services Assets, as required to continuously provide the Utility Services at the same standard as PGSC had provided them.
- 5.2 In the event that Water Treatment Plant and/or Water Distribution System upgrades and modifications become necessary to improve the quality of the Raw Water or the potable Water in order to adhere to Water Quality Requirements, or for any other reason in order for FC to provide the Water Treatment Services in accordance with the terms of this Agreement, the costs for such upgrades shall be the responsibility of FC.
- 5.3 In the event that Wastewater Treatment Plant and/or Wastewater Treatment and Collection System upgrades and modifications become for any other reason in order for FC to provide the Wastewater Treatment Services in accordance with the terms of this Agreement, the costs for such upgrades shall be the responsibility of FC.
- 5.4 Notwithstanding any of the foregoing, the Parties acknowledge and agree that the manner in which the Water Treatment Services shall be provided, and the applicable terms for providing the Water Treatment Services, as contemplated within this Agreement, shall be subject to the Water Utilities Bylaws.
- 5.5 Notwithstanding any of the foregoing, the Parties acknowledge and agree that the manner in which the Wastewater Treatment Services shall be provided, and the applicable terms for providing the Wastewater Treatment Services, as contemplated within this Agreement shall be subject to the Wastewater Utilities Bylaws.
6. **Utility Services Fees**
- 6.1 As soon as is practical following the Effective Date, FC shall install Meters in all residences in Priddis Greens at no cost to the PG Residents, for the purpose of billing the residents for water use.
- 6.2 At all times, FC shall charge the PG Residents for the Utility Services at the same rates charged to other utility customers of FC (the "**Standard Utility Rates**").

6.3 From the Effective Date, and until such time as Meters are installed in all of the PG Residences, FC shall invoice PGSC for the Utility Services provided to the PG Residents at the Standard Utility Rates.

7. Invoices

7.1 FC will assume any and all operating costs associated with the Utility Services after the Effective Date (the “**Utility Services Costs**”). FC acknowledges and agrees that from and after the Effective Date, it bears the sole responsibility for paying the Utility Services Costs. The Utility Services Costs may include, but are not limited to:

- (a) all supply costs relating to the Utility Services together with third party fees, charges and disbursements, including, but not limited to chemical supplies, laboratory testing, courier and shipping costs associated with Water treatment and Water quality testing; and
- (b) all maintenance, repair and replacement costs required in relation to the Water Distribution System and the Utility Services Assets, including, but not limited to third party labour and equipment costs; and
- (c) any and all costs associated with a response to an Emergency, which response and costs shall be the sole responsibility of FC.

PGSC shall advise its suppliers and vendors to submit invoices directly to FC effective as of the Effective Date, and FC shall pay all such invoices. If, after the Effective Date, PGSC receives any invoices related to any component or aspect of the provision of the Utility Services (collectively, “**Invoices**”), PGSC shall forward to FC any and all such Invoices, and FC covenants to promptly pay such Invoices.

8. Indemnification

8.1 For the purposes of this Section 8, “**Losses**” means, in respect of any matter, all claims, demands, proceedings, losses, damages, liabilities, deficiencies, costs and expenses (including, without limitation, all legal and other professional fees and disbursements, interest, penalties and amounts paid or incurred in settlement or resolution) arising directly as a consequence of such matter.

8.2 Subject to the other terms and conditions of this Section 8, PGSC agrees to indemnify and save harmless FC from all Losses suffered or incurred by FC as a result of or arising out of or in connection with:

- (a) any breach by PGSC of or any inaccuracy of any representation or warranty of PGSC contained in this Agreement;
- (b) any breach or non-performance by PGSC of any covenant to be performed by that is contained in this Agreement;
- (c) providing the Utility Services at or prior to the Effective Date;
- (d) liabilities and obligations of PGSC in respect of any and all environmental matters that relate to the Utility Services Assets, to the extent that such liabilities and obligations arise out of or relate to facts, circumstances or conditions existing on

or before the Effective Date or otherwise to the extent arising out of any actions or omissions of PGSC; and

- (e) all liabilities or obligations that may arise as a result of any existing or future actions, suits or proceedings against PGSC in respect of the operation of the Utility Services prior to the Effective Date.

8.3 Subject to the other terms and conditions of this Article 9, FC agrees to indemnify and save harmless PGSC from all Losses suffered or incurred by PGSC as a result of or arising out of or in connection with:

- (a) any breach by FC of or any inaccuracy of any representation or warranty contained in this Agreement;
- (b) any breach or non-performance by FC of any covenant to be performed by it that is contained in this Agreement;
- (c) providing the Utility Services after the Effective Date including, without limitation, any failure by FC to pay any of the Utility Services Costs or any of the Invoices;
- (d) liabilities and obligations of FC in respect of any and all environmental matters that relate to the Utility Services Assets, to the extent that such liabilities and obligations arise out of or relate to facts, circumstances or conditions existing after the Effective Date or otherwise to the extent arising out of any actions or omissions of FC; and
- (e) all liabilities or obligations that may arise as a result of any existing or future actions, suits or proceedings against FC in respect of the operation of the Utility Services after the Effective Date.

8.4 The rights, recourses and remedies provided to the Indemnified Party under this Article 9 are in addition to any other right the Indemnified Party may have or may hereafter acquire under any Applicable Law or any other provision of this Agreement or otherwise, and any right, recourse or remedy of the Indemnified Party may be asserted completely against the Indemnifying Party, without regard to the rights, recourses or remedies the Indemnified Party may have against any third party.

8.5 The Party making a claim under this Article 9 is referred to as the “**Indemnified Party**”, and the Party against whom such claims are asserted under this Article 9 is referred to as the “**Indemnifying Party**”. The indemnification provided for in this Article 9 shall be subject to the following limitations:

- (a) Payments by an Indemnifying Party under this Section 8 in respect of any Loss shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment received or reasonably expected to be received by the Indemnified Party in respect of any such claim. The Indemnified Party shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses before seeking indemnification under this Agreement.

- (b) In no event shall any Indemnifying Party be liable to any Indemnified Party for any punitive, exemplary, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple.
- (c) Each Indemnified Party shall take all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss.
- (d) PGSC shall not be liable under this Section 8 for any Losses based upon or arising out of the condition of the Utility Services Assets.

8.6 Whenever any claim shall arise for indemnification hereunder, the Indemnified Party shall promptly provide written notice of such claim to the Indemnifying Party. In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any claim, action, cause of action, demand, lawsuit, arbitration, audit, notice of assessment, proceeding, litigation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or equity (an “**Action**”) by a person or entity who is not a party to this Agreement, the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defence of any such Action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defence of any such Action with its counsel and at its own cost and expense. If the Indemnifying Party does not assume the defence of any such Action, the Indemnified Party may, but shall not be obligated to, defend against such Action in such manner as it may deem appropriate, including, but not limited to, settling such Action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate and no action taken by the Indemnified Party in accordance with such defence and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided with respect to damages resulting therefrom. The Indemnifying Party shall not settle an Action without the Indemnified Party’s prior written consent (which consent shall not be unreasonably withheld or delayed).

9. Insurance

9.1 Throughout the Term, FC shall obtain and maintain in force the following insurance, in a form satisfactory to PGSC, acting reasonably:

- (a) comprehensive general liability insurance with inclusive limits of not less than Five Million (\$5,000,000.00) Dollars per occurrence;
- (b) all risk property insurance policy covering the full replacement value of the Utility Services Assets referenced within this Agreement including all buildings, structures, facilities, and infrastructure; and
- (c) any other form of insurance the Parties may agree, from time to time, is reasonable including the form, amount and the insurance risks against which a prudent party under similar circumstances would insure.

9.2 A certificate of insurance and summary reports relating to the insurance policy acceptable to PGSC, acting reasonably, shall be delivered by FC to PGSC as soon as practicable after the placing of such insurance on an annual basis. All policies shall contain an undertaking by the insurers to notify all Parties in writing of any material change, cancellation or termination of any provision of any policy not less than thirty (30) days prior to the material change, cancellation or termination thereof.

10. Suspension of Service

10.1 In the case of an Emergency, FC may curtail, reduce, or otherwise interrupt the treatment of Raw Water and/or delivery or distribution of Water for as long as is reasonable in view of the circumstances contributing to the Emergency. FC shall determine when an Emergency exists using reasonable judgment and shall take whatever steps are necessary to meet the Emergency. FC shall use Best Efforts to ensure that any interruption of Utility Services to the PG Residents is as short in duration as circumstances permit.

11. Force Majeure

11.1 In the event that either Party is rendered unable wholly, or in part, by Force Majeure to carry out its obligations under this Agreement, other than its obligations to make payments of money due hereunder, such Party shall give written notice to the other Party stating full particulars of such Force Majeure. The obligation of the Party giving such notice shall be suspended during the duration of the delay resulting from such Force Majeure, to a maximum of One Hundred and Eighty (180) days.

12. Performance by Either Party

12.1 A Party shall be deemed to be in default hereunder if any of the following events occur (each of the following events to be referred to as an “**Event of Default**”, the Party in default to be referred to as the “**Defaulting Party**” and the Party not in default to be referred to as the “**Non-defaulting Party**”):

- (a) a Party fails to make a payment as required by any provision of this Agreement including failure to pay an indemnity amount pursuant to Section 8 (a “**Payment Default**”); or
- (b) a Party fails to perform any of its obligations under Sections 4, 5, 6 or 7 of this Agreement or fails to perform any other material obligation imposed upon such Party under this Agreement (a “**Performance Default**”);

12.2 If a Party claims that there has been an Event of Default committed by the other Party, the Non-defaulting Party shall give to the Defaulting Party a notice (hereinafter referred to as the “**Notice of Default**”). The Notice of Default shall specify and provide particulars of the alleged Event of Default, and then:

- (a) in the event the alleged Event of Default is capable of being remedied, the Defaulting Party shall have a cure period of fifteen (15) calendar days after receipt of the Notice of Default, or, if the Event of Default, with respect to a Performance Default only, is such that it cannot be reasonably remedied within fifteen (15) calendar days after receipt of the Notice of Default, have a reasonable period of time to cure the Event of Default provided that the Defaulting Party

promptly commences and diligently continues thereafter to remedy the Performance Default; and

- (b) if before the expiry of the later of the cure period (if any) referred to in Section 12.2(a) or the time to cure specified in the Notice of Default, the Defaulting Party cures the Event of Default, the Notice of Default shall be inoperative and the Defaulting Party shall lose no rights hereunder.

12.3 If a Notice of Default has been given and the Defaulting Party does not cure or remedy the Event of Default in the manner contemplated by Section 12.2(a), the Non-defaulting Party shall have the following rights and remedies with respect to a Payment Default:

- (a) to charge the Defaulting Party Interest with respect to the unpaid amount until it is paid, with such Interest to be calculated daily, regardless of whether the Non-defaulting Party has notified the Defaulting Party in advance of its intention to charge Interest with respect to the unpaid amount;
- (b) to set-off against the unpaid amount any sums due or accruing to the Defaulting Party by the Non-defaulting Party in accordance with this Agreement; and
- (c) to maintain an action or actions for the unpaid amount and Interest thereon on a continuing basis as the amounts become payable but are not paid by the Defaulting Party, as if the obligation to pay those amounts and the Interest thereon was a liquidated demand due and payable on the date the amounts were due to be paid, without any right or resort of the Defaulting Party to set-off or counter-claim.

And any obligation to pay Interest under this Section 12.3 shall apply until the Payment Default is rectified or remedied and shall not merge into a judgment for principal and interest, or either of them.

12.4 If a Notice of Default has been given and the Party alleged to be in default does not cure or remedy the Event of Default in the manner contemplated by Section 12.2(a), the Non-defaulting Party shall have the following rights and remedies with respect to a Performance Default:

- (a) the Non-defaulting Party shall have the right to suspend performance of its obligations under this Agreement, including the right to suspend any payment owing pursuant to this Agreement; or
- (b) the Non-defaulting Party may but shall not be obligated to, either directly or indirectly by engaging a third party or otherwise, as the case may be, do all such things in order to rectify such Event of Default at the sole cost and expense of the Defaulting Party.

12.5 A Non-defaulting Party may, at its discretion, exercise the remedies referenced in Sections 12.3 and 12.4 applicable to it in the alternative, concurrently or cumulatively, except where inconsistent with the express provisions contained in this Agreement and provided that in the case of a Payment Default the concurrent or cumulative exercise of remedies shall not result in duplication or a recovery on the part of the Non-defaulting Party based on an amount (excluding Interest) in excess of the Payment Default. No delay or omission by a Non-defaulting Party in exercising its rights or remedies

hereunder shall operate, as a waiver of those rights or remedies or of any other right or remedy and no single or partial exercise thereof shall preclude any other or future exercise thereof or the exercise of any other right or remedy.

13. Dispute Resolution

- 13.1 The Parties shall resolve any dispute, controversy, disagreement or claim arising out of, relating to or in connection with this Agreement, or the breach, termination, existence or invalidity hereof (each, a “**Dispute**”), under the provisions of Sections 13.1 through 13.5. The procedures set forth in Sections 13.1 through 13.5 shall be the exclusive mechanism for resolving any Dispute that may arise from time to time and Sections 13.1 through 13.2 are express conditions precedent to binding arbitration of the Dispute or litigation.
- 13.2 A Party shall send written notice to the other Party of any Dispute (“**Dispute Notice**”). The Parties shall first attempt in good faith to resolve any Dispute set forth in the Dispute Notice by negotiation and consultation between themselves, including without limitation not fewer than three (3) negotiation sessions. In the event that such Dispute is not resolved on an informal basis within fifteen (15) calendar days after one Party delivers the Dispute Notice to the other Party, either Party may, by written notice to the other Party (“**Escalation to Executive Notice**”), refer such Dispute to the executives of each Party set forth below (or to such other person of equivalent or superior position designated by such Party in a written notice to the other Party, “**Executives**”).

Executive of FC:

Foothills County
P.O. Box 5605
309 MacLeod Trail
High River, Alberta T1V 1M7
Telephone: (403) 552-2341
Email: HarryRiva.Cambrin@FoothillsCountyAB.ca

Executive of PGSC:

Priddis Greens Services Co-op Ltd.
c/o General Manager
2 Priddis Greens Drive
Priddis Greens, Alberta T0L 1W3
Telephone: (403) 931-3171
Email: admin@priddisgreens.com
Attention: Chair

For clarity, the Party sending the Dispute Notice and the Escalation to Executive Notice shall send such notices in compliance with this Agreement's notice provisions set out in Section 14.1, provided that the Party sending an Escalation to Executive Notice shall also send a copy of such notice to the Executives designated above.

If the Executives cannot resolve any Dispute during the time period ending ten (10) calendar days after the date of the Escalation to Executive Notice (the last day of such time period, the “**Escalation to Mediation Date**”), either Party may initiate mediation under Section 13.3.

- 13.3** Subject to Section 13.2, the Parties may, at any time after the Escalation to Mediation Date, submit the Dispute to any mutually agreed to mediation service for mediation by providing to the mediation service a joint, written request for mediation, setting forth the subject of the dispute and the relief requested. The Parties shall cooperate with the mediation service and with one another in selecting a neutral mediator and in scheduling the mediation proceedings. The Parties covenant that they will use commercially reasonable efforts in participating in the mediation. The Parties agree that the mediator's fees and expenses and the costs incidental to the mediation will be shared equally between the Parties. The place of the mediation shall be in Foothills County or the City of Calgary in the Province of Alberta. The language of the mediation shall be English.
- 13.4** The Parties further agree that all offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the Parties, their agents, employees, experts and attorneys, and by the mediator and any employees of the mediation service, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation, arbitration or other proceeding involving the Parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation.
- 13.5** If the Parties cannot resolve for any reason, including, but not limited to, the failure of either Party to agree to enter into mediation or agree to any settlement proposed by the mediator, any Dispute within fifteen (15) calendar days after the Escalation to Mediation Date, either Party may commence binding arbitration in accordance with the provisions of the ADR Institute of Canada.

14. General

14.1 Notices

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (i) when delivered by hand (with written confirmation of receipt); (ii) when received by the addressee if sent by a nationally recognized courier (receipt requested); (iii) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (iv) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 14.1):

If to FC:
Foothills County
P.O. Box 5605
309 MacLeod Trail
High River, Alberta T1V 1M7
Telephone: (403) 552-2341
Fax: (403) 652-7880
Email: HarryRiva.Cambrin@FoothillsCountyAB.ca
Attention: Chief Administrative Officer

If to PGSC:

Priddis Greens Services Co-op Ltd.
2 Priddis Greens Drive
Priddis Greens, Alberta T0L 1W3
Telephone: (403) 931-0020
Email: gr8flyer@gmail.com
Attention: Phil Wadsworth, Board Chair

14.2 Governing Law

This Agreement shall be construed and governed by the laws of the Province of Alberta and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the exclusive jurisdiction of the Courts of the Province of Alberta.

14.3 Time of Essence

Time shall be of the essence of this Agreement.

14.4 Headings

The headings, captions, paragraph numbers, sub-paragraph numbers, article numbers and indices appearing in this Agreement have been inserted as a matter of convenience and for reference only and in no way define, limit, construct or enlarge the scope or meaning of this Agreement or any provisions hereof.

14.5 Relationship between Parties

Nothing contained herein shall be deemed or construed by the Parties hereto nor by any third party, as creating the relationship of employer and employee, principal and agent, partnership, or of a joint venture between the Parties hereto, it being understood and agreed that none of the provisions contained herein nor any act of the Parties hereto shall be deemed to create any relationship between the Parties hereto other than an independent service agreement between the two parties at arm's length.

14.6 No Authority

Except as may from time to time be expressly stated in writing by the one Party, the other Party has no authority to assume or create any obligation whatsoever, expressed or implied, on behalf of or in the name of the other Party, nor to bind the other Party in any manner whatsoever.

14.7 Agreement Entire Relationship

This Agreement, together with the MOU constitutes the entire agreement between the Parties and the Parties acknowledge and agree that there are no covenants, representations, warranties, agreements or conditions expressed or implied, collateral or otherwise forming part of or in any way affecting or relating to the matters set out herein save as expressly set out in this Agreement and the MOU. In the event of any inconsistency between this Agreement and the MOU, the provisions of the MOU shall control.

14.8 Further Assurances

Each of the Parties do hereby agree to do such things and execute such further documents, agreements and assurances as may be necessary or advisable from time to time in order to carry out the terms and conditions of this Agreement in accordance with their true intent.

14.9 Amendments

This Agreement may not be altered or amended in any of its provisions, except where any such changes are reduced to writing and executed by the Parties.

14.10 Waiver

No consent or waiver, express or implied, by either Party to or of any breach or default by the other party in the performance by the other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such Party hereunder. Failure on the part of either Party to complain of any act or failure to act of the other Party or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such Party of its rights hereunder.

14.11 Counterparts

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts shall constitute the one and same instrument and notwithstanding their date of execution shall be deemed to bear date as of the date first above written.

14.12 Statutory Reference

Any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto and promulgated thereunder with all amendments made thereto and in force from time to time and any final judicial decisions interpreting the same, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto.

14.13 Unenforceability

If any term, covenant or condition of this Agreement or the application thereof to any Party or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement or application of such term, covenant or condition to a Party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby and each remaining term, covenant or condition of this Agreement shall be valid and shall be enforceable to the fullest permitted by law.

14.14 Survival

The Parties acknowledge and agree that the provisions of this Agreement which, by their context, are meant to survive the termination or expiry of the Term shall survive the termination or expiry of the Term and shall not be merged therein or therewith.

14.15 Remedies Generally

Mention in this Agreement of any particular remedy of a Party in respect of a default by the other Party does not preclude the first Party from any other remedy in respect thereof, whether available at law or in equity or by statute or expressly provided for in this Agreement. No remedy shall be exclusive or dependent upon any other remedy, but a Party may from time to time exercise any one or more of such remedies generally or in combination, such remedies being cumulative and not alternative.

14.16 Payment of Monies

The Parties acknowledge and agree that any payment of monies required to be made hereunder shall be made in Canadian funds.

14.17 Singular, Plural and Gender

Wherever the singular, plural, masculine, feminine or neuter is used throughout this Agreement the same shall be construed as meaning the singular, plural, masculine, feminine, neuter, body politic or body corporate where the fact or context so requires and the provisions hereof

14.18 Binding Effect

This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of each of the Parties.

14.19 Assignment

Neither Party shall assign its interest in this Agreement, or any part hereof, in any manner whatsoever without having first received written consent from the other Party.

14.20 Requests for Consent

Each Party shall provide any decision with regard to a request for consent in a timely manner.

(The remainder of this page left intentionally blank. Execution page follows.)

IN WITNESS WHEREOF the Parties have executed this Agreement on the day and year first written above.

FOOTHILLS COUNTY

PRIDDIS GREENS SERVICES CO-OP LTD.

Per:

Per:

Name:
Title:

Name:
Title:

SCHEDULE "A"
WATER APPROVAL
(see attached)

SCHEDULE "B"

WASTEWATER APPROVAL

(see attached)

SCHEDULE "C"
WATER LICENSES
(see attached)

SCHEDULE "D"

WATER TREATMENT SERVICES

1. Unless otherwise specified within the Agreement, FC is responsible for providing the following services to the PG Residents pursuant to the terms of the Agreement and in accordance with the Approval, Water Licenses, Applicable Laws and the Water Utilities Bylaws:
 - (a) operation and management of the Water Treatment Plant and the Water Distribution System up to the curb stop valves in accordance with the operator's manual and best industry practices;
 - (b) reporting to Alberta's Ministry of Environment and Sustainable Resource Development on a daily, weekly, monthly and annual basis as required by Applicable Laws;
 - (c) performing testing and sampling of water;
 - (d) forwarding water samples every Wednesday to the Provincial Laboratory for Public Health at the Foothills Medical Centre;
 - (e) performing daily site visits to the Water Treatment Plant;
 - (f) arranging, coordinating, and overseeing maintenance and repair to the Water Treatment Plant and Water Distribution System;
 - (g) performing annual valve exercising, directional flushing of Water Distribution System lines;
 - (h) responding to after hour call-outs as may be required to assure the uninterrupted supply of Water to the Service Area or to minimize the disruption to the supply of Water to the Service Area;
 - (i) responding to all alarms in the Water Distribution System;
 - (j) responding to, managing and taking action to alleviate any Emergency involving the Water Distribution System; and
 - (k) ensure that the following performance requirements are met:

Treated Water Volume 6 LPS	Entering Contact Tank	$\leq 518 \text{ m}^3/\text{day}$
Treated Water Turbidity	Filter Out	$< 0.3 \text{ NTU}$
Log Reduction of Giardia Cysts by Filtration		$\geq 3.0 \text{ Log}$
Treated Water Volume	Minimum Clearwell Level	$\geq 209 \text{ m}^3$
Treated Water Free Cl	At Point T ₁₀ For CT Calc	$\geq 0.3 \text{ mg/L}$
CT Performance Ratio	At Point T ₁₀ For CT Calc	≥ 1.0

Log Reduction of Giardia Cysts by Cl	At Point T ₁₀ For CT Calc	≥ 0.5 Log
Log Reduction of Viruses by Cl	At Point T ₁₀ For CT Calc	≥ 2.0 Log
Treated Water pH	Entering Distribution	6.5 - 8.5
Treated Water Iron	Entering Distribution	≤ 0.3 mg/L
Treated Water Manganese	Entering Distribution	≤ 0.08 mg/L
Treated Water Free Cl mg/L	Random Locations	≥ 0.1 & ≤ 4.0
Treated Water Turbidity	Random Locations	≤ 5 NTU
Waste Stream Free Cl	Discharge to Environment	< 0.01 mg/L

SCHEDULE "E"

WASTEWATER TREATMENT SERVICES

SUNRISE WAY

FC shall provide sludge pumping services for 'solid waste' to the condominium corporations on Sunrise Way. The villa homes on Sunrise Way have shared septic tanks (a total of 18 tanks) for each condominium corporation comprised of 4 villas. The "liquid" wastewater (greywater) flows from the septic systems to the #2 lift station and from there it is pumped through the system to the Wastewater Treatment Plant, located beside the pond alongside the #7 Raven hole on the golf course. This sludge pumping service shall be performed bi-annually or as needed, when all septic tanks are done at the same time. A vacuum truck service is contracted to pump "sludge" from these septic tanks for disposal at a licensed facility in Calgary.

The 12 single family homes on Sunrise Way have septic tanks and each homeowner is responsible to maintain and have them pumped out as needed.

SUNSET WAY

The villa homes on Sunset Way do not have septic tanks. The raw sewage from the villa homes on Sunset Way by way of gravity flows to the #1 lift station and is then pumped to the Raven #7 Wastewater Treatment Plant for processing. On a regular basis, a vacuum truck service is contracted to pump "sludge" from the WWTP for disposal at a licensed facility in Calgary.

NOTE: The effluent from the Raven #7 Wastewater Treatment Plant is collected in a holding pond beside the plant. The effluent is used to irrigate the front nine holes (#1 to #9) of the Raven golf course.

Effluent from the Hawk #9 Wastewater Treatment Plant in Hawks Landing is also collected in a holding pond beside that plant. The effluent from that plant is used to irrigate the "new" nine holes (#6 to #14) on the Hawk golf course.

IMPORTANT: Because the effluent is used to irrigate the front 9 holes of the Raven golf course and the "new" nine holes of the Hawk golf course, FC must use only Potassium Chloride water softener salt in the production of potable water at the Water Treatment Plant. If a sodium-based water softening salt is used, then it will eventually end up in the effluent and this leads to hardening of the soil and damaging the health of the grass on greens, tee boxes and fairways on these courses where the effluent is used for irrigation.

The effluent from the holding ponds must be used for irrigation as one of the only methods available to dispose of the effluent. Alberta Environment and Parks provide approval once in the fall of each year, to allow the effluent to be diluted with raw water pumped into the ponds from the golf club systems and then released through the golf club creek systems on the course to eventually make its way back into East Creek by #9 Hawk and into then into Priddis Creek. The lowering the level of effluent holding ponds provide capacity to hold effluent produced during winter months.

SCHEDULE "F"

WATER DISTRIBUTION SYSTEM

Raw water is drawn from Priddis Creek and/or Loon Lake through the shared pumphouse located at NW 19;22;3;W5M (depending on seasonal water flows in Priddis Creek) and pumped up from the #1 pump house located beside Priddis Creek in the valley below #11 Raven tee box to the Water Treatment Plant located on Priddis Greens Drive across from the Clubhouse parking lot SW 30;22;3;W5M. From there the raw water goes through an extensive series of treatments to eventually produce potable water.

NOTE: The #1 Pumphouse also houses a separate pump that pumps raw water from Loon Lake (only) to golf course for irrigating 18 of the 36 holes on the course and to provide lawn irrigation water to the homeowners in the Priddis Greens subdivision.

PRIDDIS GREENS

Potable water for the Priddis Greens subdivision is distributed to 12 single-family homes and 104 condominium villa homes, through a network of potable water pipelines. Currently, individual homes are not metered and homeowners share the cost of all the potable water produced at the Water Treatment Plant, less the amount, which is metered and distributed to the Priddis Greens Golf & Country Club and the Hawks Landing Water Distribution Building.

PRIDDIS GREENS GOLF & COUNTRY CLUB

Potable water is distributed to the Priddis Greens Golf & Country Club for use in the clubhouse, turf care department and on course facilities (water is metered to the Golf Club).

FIRE HYDRANT SYSTEM

Potable water from the Water Treatment Plant supplies water to the fire hydrant system servicing Sunrise Way (3), Sunset Way (3) and Golf Club entrance (1) at Priddis Greens Drive. If necessary more water can be drawn back from the Hawks Landing Water Distribution Building to the Priddis Greens Water Treatment Plants fire hydrant system to fight fires in the Priddis Greens subdivisions.

HAWKS LANDING

Potable water from the Priddis Greens Water Treatment Plant is metered and distributed through a pipeline (East pipeline) to the Hawks Landing Water Distribution Building, located on Hawks Landing Drive.

Currently PGSC charges Hawks Landing Services Co-op Ltd. ("**Hawks Landing**") for the water sent to the Hawks Landing Water Distribution Building. Water from the Hawks Landing Water Distribution Building is distributed to approximately 118 single family homes in three Hawks Landing subdivisions, to the Hawks Landing Wastewater Treatment Plant, located near the #9 green and to the golf course on course washroom located at the #9 tee box of the golf course (water is metered to these locations). Hawks Landing charges these homeowners for water usage and also the Golf Club for water used at the hole #9 on course washroom.

SCHEDULE "G"

WASTEWATER COLLECTION AND TREATMENT SYSTEM

The Wastewater Treatment Plant is located beside the pond alongside the #7 Raven hole on the golf course, that services the Hamlet of Priddis Greens (including the Priddis Greens Golf & Country Club) but excluding the single-family homes located on Sunrise Way, which have individual septic systems, that are maintained by each of the single-family homeowners. There are two sewage pumping facilities, referred to as 'lift stations' located in the community. Lift station #1 has an access road between villa units #24 & #26 on Sunset Way and is located below and behind villa unit #26. Lift station #2 has an access road between villa units #29 & #30 Sunrise Way and is located below and behind villa #29.

The villa homes on Sunrise Way have shared septic tanks (1 for each condominium corporation comprised of 4 villas). "Greywater" from these septic tanks flows to lift station #2. From there the greywater is pumped to lift station #1 where it combines with the raw sewage from the villa homes on Sunset Way and is then pumped to the Raven #7 Wastewater Treatment Plant for processing. On a regular basis, a vacuum truck service is contracted to pump "sludge" from the Wastewater Treatment Plant for disposal at a licensed facility in Calgary.

NOTE: The effluent from the Raven #7 Wastewater Treatment Plant is collected in a holding pond beside the plant. The effluent is used to irrigate the front nine holes (#1 to #9) of the Raven golf course.

Effluent from the Hawk #9 Wastewater Treatment Plant in Hawks Landing is also collected in a holding pond beside that plant. The effluent from that plant is used to irrigate the 'new' nine holes (#6 to #14) on the Hawk golf course.

IMPORTANT: (also noted on Schedule "E") Because the effluent is used to irrigate the front 9 holes of the Raven golf course and the 'new' nine holes of the Hawk golf course, FC must use only Potassium Chloride water soften salt in the production of potable water at the Water Treatment Plant. If a sodium-based water softening salt is used, then it will eventually end up in the effluent and this leads to hardening of the soil and damaging the health of the grass on greens, tee boxes and fairways on these courses where the effluent is used for irrigation.

The effluent from the holding ponds must be used for irrigation as one of the only methods available to dispose of the effluent. Alberta Environment and Parks provide approval once in the fall of each year, to allow the effluent to be diluted with raw water pumped into the ponds from the golf club systems and then released through the golf club creek systems on the course to eventually make its way back into East Creek by #9 Hawk and into then into Priddis Creek. The lowering the level of effluent holding ponds provide capacity to hold effluent produced during winter months.

SCHEDULE "H"

SERVICE AREA

The Utility Services are provided to the following areas:

Water is provided directly from Water Treatment Plant to:

- (a) Water Treatment Plant and Wastewater Treatment Plant lab facilities;
- (b) 12 single-family homes on Sunrise Way, Priddis Greens;
- (c) 104 condominium villas on Sunrise Way and Sunset Way; and
- (d) the Priddis Greens Golf & Country Club and associated facilities (turf care maintenance facilities, on course concession buildings and on course washrooms).

Water is provided indirectly via pipeline to the Hawks Landing Water Distribution Building, which distributes to:

- (a) 118 single-family homes in the subdivisions of Hawks Landing;
- (b) Hawks Landing Wastewater Treatment Plant lab and washroom facilities; and
- (c) the Priddis Greens Golf & Country Club Club Hawk #9 on course washroom.

Wastewater Treatment Services to:

- (a) 104 condominium villas on Sunrise Way and Sunset Way;
- (b) The Priddis Greens Golf & Country Club and associated facilities (turf care maintenance facilities, on course concession buildings and on course washrooms);
- (c) Hawks Landing Wastewater Treatment Plant lab and washroom facilities; and
- (d) Priddis Greens Golf & Country Club Hawk #9 on course washroom.

Water from the Water Treatment Plant and from the Hawks Landing Water Distribution Building supplies water to the fire hydrant systems servicing.

SCHEDULE "I"

WATER SOURCES

Raw water is drawn from Priddis Creek (SW ¼ 30;22;3;W5M) and/or Loon Lake (NW ¼ 19;22;3;W5) (depending on seasonal water flows in Priddis Creek) and pumped up from the #1 pump house located beside Priddis Creek in the valley below #11 Raven tee box to the Water Treatment Plant located on Priddis Greens Drive across from the clubhouse parking lot. From there the raw water goes through an extensive series of treatments to eventually produce potable water.

In case of an emergency at the Water Treatment Plant, where potable water production isn't possible, potable water can either be pumped back from the Hawks Landing Water Distribution Building, depending on the length of time the Water Treatment Plant is inoperable or potable water can be trucked in from an outside source.