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THIS AMENDING AGREEMENT made this 10th day of February, 1982.

B E T W E E N:

HORSESHOE VALLEY LIMITED, an Ontario Corporation duly incorporated under the laws of the Province of Ontario, Hereinafter referred to as "Horseshoe Valley"

-and-

THE CORPORATION OF THE TOWNSHIP OF MEDONTE, Hereinafter referred to as "Medonte"

-and-

SALVIL INVESTMENTS LIMITED, Hereinafter referred to as "Salvil"

WHEREAS the Parties to this Agreement entered into an Agreement made between them and dated the 23rd day of May, 1980, respecting:

- the supply of water inter alia to houses erected on lands included in Plan 1531, M-10, M-11 and M-23 in the Township of Medonte;
- the assumption of certain water mains, pumps, connections and services, referred to therein and herein as "The system" theretofore owned by Salvil and Horseshoe Valley, and operated by Horseshoe Valley;
- the continued operation of the system by Horseshoe Valley and the charges to be levied for operation of the system and the supply of water from the system;

hereinafter referred to as the Water Rights Agreement.

AND WHEREAS the Parties hereto desire to amend the Water Rights Agreement in certain particulars as hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements hereinafter set forth, the Parties hereto agree as follows:

1. Horseshoe Valley and Salvil hereby dedicate and the Township of Medonte hereby accepts and assumes:

- (i) the approximately 1,100 feet of 8 inch pipe installed along the shoulder of Horseshoe Valley Road (County Road 22), subject to the consent of the County of Simcoe, thereto, including:
 - (a) the water pipe line crossing under such county road between Lot 3, Plan 1587 in the Township of Oro, and Lot 17, Plan 1531 in the Township of Medonte, and;
 - (b) the water pipe line crossing under such county road between Lot 21, Plan 1587 aforesaid and the entrance to Pine Point Road, and;
- (ii) the approximately 300 feet of 2 inch pipe installed in front of Lots eight(8), nine(9), ten(10) and eleven(11) Plan M-10.

ANY STRUCTURE, including without limiting the generality of the foregoing, the pump house located in the right-of-way in front of Lots 40 & 41, Plan M-10, shall be included herein as part of the system dedicated, assumed and operated under the provisions of the Water Rights Guarantee Agreement, as amended by this Amending Agreement.

2.A. Notwithstanding this dedication and assumption it is clearly understood that it shall continue to be the responsibility of Horseshoe Valley to operated the entire system including the pipe assumed hereunder, under the terms of the Water Rights Guarantee Agreement;

2.B. Horseshoe Valley is hereby deemed to be the Lessee of the system for a term of five (5) years for the sum of ONE DOLLAR (\$1.00) per year renewable automatically without further notice unless terminated by Medonte by notice in writing, effective at the expiry of the initial or any subsequent five (5) year term or prior thereto;

Notwithstanding any other provision herein, it is clearly understood and agreed that Medonte is entitled at any time to terminate such lease in the event that it is not satisfied with the manner of operation of the system, upon the giving of one weeks written notice to Horseshoe Valley.

2.C. The obligation of Horseshoe Valley and Salvil to repair, maintain and replace all capital components of the system as required, as provided in paragraph 1. (a) of the Water Rights Agreement as amended by this Agreement, shall include:

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(i) the obligation to pay in relation to the operation of the components of the system located in County Road 22 and that road allowance:

- (a) The obligation of Salvil only to pay any and all expenses in relocating this waterline in the event that a future road widening or improvement shall necessitate such relocation, and;
- (b) The obligation of Salvil and Horseshoe to pay the expense of maintenance or repair of the right-of-way resulting from the placing of any waterline forming part of this system, erosion from surface run off occurring from time to time, as well as that resulting from any break or leak occurring from time to time in the water line proper;

(ii) The cost of routine maintenance which shall be sufficiently performed upon the carryout of the following;

- (a) checking all valves on the distribution system for proper operation and to ensure that they are fully open twice per year;
- (b) checking all hydrants for proper operation twice per year;
- (c) reporting to Medonte the performance of the checks in (a) and (b) within two (2) weeks of completion thereof. (Failure to perform or report would give Medonte reason to believe that any repairs on those items which may become necessary are occasioned by neglect of routine maintenance and therefore not the responsibility of Medonte);
- (d) keeping access to hydrants reasonably clear of brush in summer and snow in winter. Making sure hydrant markers are in place in the fall;
- (e) inspecting the pump house equipment regularly to ensure everything is operational;
- (f) running reserve diesel engine at least once every two months and keeping it fueled up and properly lubricated. Dates and durations of runs should be logged on a suitable card located near the equipment;
- (g) providing routine maintenance on the reserve diesel engine by a licenced mechanic at least once per year and reporting to Medonte as set out in (e) above;

(iii) the expense of painting exposed fixtures i.e., hydrants, pump house, etc. supplying light bulbs, fuses, oiling, greasing, cleaning, grass cutting and providing such watermain and service location layout as may be requested by telephone, hydro electric or owners, etc., as required from time to time.

Any costs beyond those incurred by the above operations whether relating to the said paragraph 1.(a) of the Water Rights Agreement or otherwise, shall, to the extent that they exceed a deductible amount of Fifty (\$50.00) Dollars per year be the responsibility of Medonte. Provided that any such costs incurred during the first five years of the operation of the system under this Agreement shall to the extent that they exceed:

(a) applicable insurance, or

(b) the aggregate of the sinking fund reserve,

be paid by Salvil and Horseshoe Valley as may be agreed between them.

(iv) It is understood and agreed that Horseshoe Valley is prepared to lease the system, including the pump house in its "as is" condition, but in the event that the lease is terminated it shall be the responsibility

(a) of Horseshoe Valley and Salvil to ensure that the Cable T.V. equipment presently in the pump house will be removed and placed in an appropriate shelter which may be constructed on the external wall of the pump house or as near by as is possible on the Township Road Allowance - the usual Township encroachment licence and by-law to be executed and prepared at the expense of Horseshoe to enable the locating of such T.V. shelter.

(b) of Salvil to make such changes in the wiring in the pump house as would meet municipal standards as at January 20, 1982.

2.D. The provisions of Section 3. of the Water Rights Guarantee Agreement dated May 23, 1980 are hereby deleted in their entirety and replaced by the following provision:

The charges to be made for the domestic water supply, hereinafter to be charged by Medonte, to the owners of the lands serviced by the system as above, and paid to Horseshoe Valley to cover the cost of operation; shall be comprised of two components, calculated as follows:

(i) WATER CHARGE AND TOWNSHIP ADMINISTRATION COMPONENT

It is agreed that the per year charge collected by the Township of Medonte for the year 1980 per dwelling unit for supply of water is \$90.00, of which, \$5.00 is retained by Medonte to cover its collection and administration costs and \$85.00 per dwelling unit is paid to Horseshoe Valley Limited to cover its costs in providing water and operating the water system.

The amount to be received by Horseshoe Valley for such operation and the supply of water shall be based on the 1980 charge and shall be adjusted annually to increase or decrease each year by the percentage increase or decrease in the cost of living as indexed by Statistics Canada during the calendar year next preceding such water billing, i.e., for the year 1981, the increase in water charges shall be the percentage increase in the cost of living as indexed by the percentage increase in the cost of living as indexed by Statistics Canada over the calendar year 1980. Such increased or decreased charge shall continue to be collected by Medonte and shall be remitted to Horseshoe not less frequently than annually.

The collection charge by Medonte will be adjusted also as may be required by administrative cost fluctuations.

PINE RIDGE WATER CHARGES

A charge to Pine Ridge Ski Club based upon twenty-eight(28) days club house use per year shall be the equivalent to the charge made for four(4) dwelling units per annum, to increase proportionately if the club house days of use increase. The Township's collection and administration costs are to be levied on the same basis as for four (4) dwelling units. Horseshoe shall notify the Township in writing of any increased club house use which is to affect the Pine Ridge water bill.

(ii) AMORTIZATION OF CAPITAL COMPONENT

The rate for domestic water supply shall also include a pro rata share of the cost of a sinking fund to provide for the replacement of the system, based upon current Ontario Ministry of the Environment guidelines and estimated replacement costs of \$85,000.00 for the pump house and contents and replacement cost of the mains estimated at approximately \$325,000.00, amortized over the expected life of the components of the system in accordance with the schedule appended hereto as Schedule "A" which schedule forms part of this Amending Agreement, being a maximum annual credit to the sinking

fund of approximately \$2,500.00. A special rate shall be charged for each of the years 1981 through 1985 and shall include an amount equal to the sinking fund component, now \$2,500.00, divided by the number of Lots in the subdivisions served by the system plus four (4) (Pine Ridge) and multiplied by the number of users of the system. (Pine Ridge included as four (4) users).

The replacement cost of improvements made from time to time as required by public authority having jurisdiction to require the same, shall be added to the unamortized base in Schedule "A" and thereafter included in the computation of the "amortization of capital components" together with the replacement cost of substitutions or additions required by breakdown, wear and tear or damage suffered, not covered by insurance, hereinbelow referred to, but not including the cost of any local improvement or addition to the system, or any enlargement occasioned thereby, unless specifically approved by Medonte and by the Ontario Municipal Board prior to construction thereof. This capital amortization component charge shall be charged at the same time as all other charges for the supply of water and collected and retained by the Township for that purpose.

This Amending Agreement further confirms the responsibility of Horseshoe to repair or replace the system or any part by reason of damage by war, Acts of God, Queen's enemies, civil commotion, riot, explosion, insurrection, acts of vandalism or other casualty and Horseshoe hereby covenants and agrees to maintain appropriate insurance coverage to provide for such repairs. The cost of the insurance coverage to protect against such risks shall be paid by Horseshoe and included in the cost of operation covered by the Water charges. It is clearly understood between the Parties that in executing this Agreement, no insurable interest remains to Salvil, and Medonte is relieved of any obligation to insure, all risks being assumed by Horseshoe without right of subrogation against Medonte.

3. Salvil, by signing this Agreement, joins herein to grant whatever rights it may have to Medonte, retaining no ongoing right or responsibility for the maintenance or operation of the system nor any ownership or reversion therein.

4. The Water Rights Guarantee Agreement, as specifically and necessarily amended by the words of this Amending Agreement, continues in full force and effect, the provisions thereof as to notice, interpretation and limitation shall govern the Amending Agreement and the two shall be read together and interpreted as one agreement.

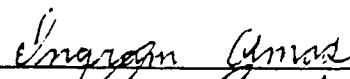
WITNESS the corporate seals of the Parties hereto, duly affixed by the proper signing officers in that behalf, the day and year above written.

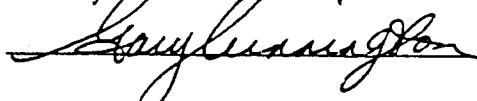
HORSESHOE VALLEY LIMITED

Per: 



THE CORPORATION OF THE
TOWNSHIP OF MEDONTE

Per: 



SALVIL INVESTMENTS LIMITED

Per: 

SCHEDULE "A"

TO AMENDING AGREEMENT MADE FEBRUARY 10th, 1982, AMENDING WATER RIGHTS
GUARANTEE AGREEMENT DATED MAY 23rd, 1980, AND MADE BETWEEN HORSESHOE
VALLEY LIMITED, THE CORPORATION OF THE TOWNSHIP OF MEDONTE AND SALVIL
INVESTMENTS LIMITED

SINKING FUND CALCULATION

Based upon the aggregate cost of construction as follows:

Distribution System	\$325,000.00 @ 0.50%	\$1,625.00
Mechanical and Electrical	85,000.00 @ 1.00%	<u>\$ 850.00</u>
Maximum Sinking Fund		<u><u>\$2,475.00</u></u>

Maximum Sinking Fund (rounded off)
No. of units in Subdivision served by system x Unit amortization of capital component

$$\frac{2,500}{261} \times 9.60\% = \text{Sinking Fund Component} \quad = .9195$$

1982 Sinking Fund Credit = No units served x 9.60%
(example: 200 x 9.60% = \$1,920.00)