



NORTH RED DEER RIVER WATER SERVICES COMMISSION

NOTICE OF MEETING
REGULAR MEETING
April 8, 2013
9:00 AM

LACOMBE CITY HALL

AGENDA

1. Call to Order
2. Adoption of Agenda
3. Adoption of Minutes
 - a. December 4, 2012 Regular Meeting - *attached*
4. Presentation
 - a. BDO Canada LLP
 - i) Approval of 2012 Audited Financial Statements
 - ii) Presentation of Management Letter
5. Correspondence
 - a. City of Red Deer – Water Rates
6. Reports
 - a. Operations
 - b. Administrator
 - i) Monthly Report
 - ii) Financial – January to February, 2013
7. Old Business
 - a. North Red Deer Wastewater Commission – Right of Way Acquisition
8. New Business
 - a. Credit Cards Policy
 - b. Banking Service – Servus Credit Union
 - c. Request for water service - EVRAZ
9. In Camera
 - a. Operation and Administration Contract
10. Next Meeting Date
 - a. To be decided
11. Adjournment

NORTH RED DEER RIVER WATER SERVICES COMMISSION
REGULAR MEETING MINUTES
December 4, 2012

Item 3a

In Attendance: Mayor Steve Christie, Chairperson, City of Lacombe
Mayor Larry Henkelman, Vice Chairperson, Town of Ponoka
Mayor Melodie Stol, Town of Blackfalds
Councillor Cliff Soper, Lacombe County
Reeve Gord Svenningsen, Ponoka County
Michael Minchin, Corporate Services Director, Lacombe, NRDRWSC Administrator
Kim Sharyk, Administrator Assistant, Lacombe

Others Present: Chris Huston, Infrastructure Services, Lacombe, NRDRWSC Operations
Matthew Goudy, Infrastructure Services Director, Lacombe, NRDRWSC Engineering
Norma MacQuarrie, CAO, Lacombe
Brad Watson, CAO, Town of Ponoka
Corrine Newman, CAO, Town of Blackfalds

Regrets:

1. Call to Order:

Chairperson Christie called the meeting to order at 9:02 am.

2. Adoption of the Agenda:

MOVED by Councillor Soper that the agenda for December 4, 2012 be adopted as presented.

CARRIED

3. Adoption of the Minutes:

MOVED by Mayer Stol that the minutes for November 5, 2012 be adopted as presented.

CARRIED

4. Reports

Operator's Report

Mr. Huston discussed recent activities.

In summary:

- Responded to 51 Alberta One Call locate requests in the month of November, 2012.
- Operations have been running smoothly with no incidents.

Administrator's Report

Mr. Minchin briefly discussed recent activities that will be identified during New Business.

Financial Report

Mr. Minchin presented the third quarter Financial Statements.

In summary:

- Numbers are close to target volumes which will keep us within budget expectations.

Chairman Report

- Chairperson Christie will discuss items to be identified during New Business.

5. Old Business:

Nothing presented under this item.

6. New Business:

2013 Budget

Mr. Minchin presented the 2013 Budget.

In summary:

- The Commission received verbal confirmation from Red Deer on the new water rate; the proposed rate is slightly what has been budgeted for allowing for a small reduction in the forecasted Commission Rate; effective March 1, 2013 the water rate will be \$2.03 per cubic meter.
- The only other change made from the 2013 Draft Budget is a reduction in the operating surplus from \$108,520 to \$93,899.
- Once the 2013 Budget is approved, copies will be sent to the municipalities as soon as possible.
- There is no proposed capital projects for 2013.

MOVED by Mayor Stol that the 2013 Operating and Capital Budget be approved as presented.

CARRIED

Regional Sewer

The North Red Deer Regional Waste Water Services Commission (NRDRWWSC) has approached the Commission to consider the feasibility of using the water right-away to also host a regional sewer line.

Main points discussed are summarized below:

- Space alignment; does change at some points which might cause a crossover of lines; in general, the right-away has a width of 20 to 30 meters with a few narrow spots of 10 meters.
- Legislation states that water and sewer lines must have a separation of nothing less than 1 meter; common spacing is 2 to 5 meter separation; NRDRWWSC is hoping to maintain a 10 to 15 meter separation.

- The land acquisition for the current right-away cost \$2,500/acre to a total cost of \$1.6 to 1.8 million; estimates land cost to date in the area of \$5,000/acre; NRDRWSC would use the difference between then and now pricing for NRDRWSC to acquire space in the current right-away. A search is needed to review the original intent of the right of way as it was planned to incorporate both lines when the right of way was first taken.
- The Regional Sewer line would extend from Red Deer to Lacombe.

The Commission stated that they would consider negotiations with NRDRWSC in utilizing the same right-away.

7. Next Meeting:

April, 2013 – date and time to be decided.

8. Adjournment:

MOVED by Mayor Henkelman to adjourn this December 4, 2012 NRDRWSC Meeting at 9:23 am.

CARRIED

Chairperson

Administrator

Item 4a(i)

Originals to be presented at
meeting

NORTH RED DEER RIVER WATER SERVICES COMMISSION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

Draft for discussion purposes only

**NORTH RED DEER RIVER WATER SERVICES COMMISSION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012	2011
	\$	\$
Financial assets		
Cash (bank indebtedness)	1,492,139	(27,864)
Trade and other receivables	961,781	667,046
Due from related party	379,241	1,551,986
	2,833,161	2,191,168
Liabilities		
Accounts payable and accrued liabilities	321,204	358,382
Current portion of long-term debt (Note 4)	563,737	539,151
	884,941	897,533
Long-term debt, net of current portion (Note 4)	15,347,301	15,911,038
	16,232,242	16,808,571
Net debt	(13,399,081)	(14,617,403)
Non-financial assets		
Tangible capital assets (Note 7)	33,593,464	34,059,074
Inventory of supplies (Note 6)	63,413	56,647
Accumulated surplus (Note 9)	20,257,796	19,498,318

Approved on Behalf of the Commission

_____ Chairperson

_____ Administrator

The accompanying notes are an integral part of these financial statements

NORTH RED DEER RIVER WATER SERVICES COMMISSION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget \$	2012 \$	2011 \$
REVENUE			
Water sales to commission members (Note 10)	5,000,117	4,890,880	4,448,027
Service fees charged to commission members (Note 10)	134,000	134,177	131,432
Investment income (Note 12)	9,250	16,662	14,172
Other revenue	-	5,914	38
	<u>5,143,367</u>	<u>5,047,633</u>	<u>4,593,669</u>
OPERATING EXPENSES			
Accounting and audit fees	8,750	8,750	14,788
Board remuneration	4,750	3,700	4,800
Board travel	2,500	372	446
Communication	9,120	8,653	8,327
General materials and supplies	2,195	589	537
Insurance	5,500	4,331	4,350
Interest on long-term debt (Note 12)	735,750	729,322	757,651
Legal	1,000	125	400
Management fees	46,500	44,730	42,260
Office	250		78
Operator costs	100,000	83,546	82,664
Other expenses		279	830
Other professional fees	10,458	12,958	6,468
Purchase of water	3,018,246	2,907,659	2,710,912
Repairs and maintenance	23,700	5,374	12,542
SCADA maintenance	11,500	10,764	10,764
Utilities	5,000	4,246	3,975
Valves	45,000	(2,851)	342
Amortization of capital assets	465,610	465,610	465,610
	<u>4,495,829</u>	<u>4,288,155</u>	<u>4,127,744</u>
EXCESS OF REVENUE OVER EXPENSES	<u>647,538</u>	<u>759,478</u>	<u>465,925</u>
ACCUMULATED SURPLUS , beginning of year	<u>19,498,318</u>	<u>19,498,318</u>	<u>19,032,393</u>
ACCUMULATED SURPLUS , end of year	<u><u>20,145,856</u></u>	<u><u>20,257,796</u></u>	<u><u>19,498,318</u></u>

The accompanying notes are an integral part of these financial statements

**NORTH RED DEER RIVER WATER SERVICES COMMISSION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budget \$	2012 \$	2011 \$
Excess of revenue over expenses	647,538	759,478	465,925
Amortization of tangible capital assets	465,610	465,610	465,610
Inventory of Supplies		(6,766)	(36,070)
Net change in net debt	1,113,148	1,218,322	895,465
Net debt, beginning of year	(14,617,403)	(14,617,403)	(15,512,868)
Net debt, end of year	<u>(13,504,255)</u>	<u>(13,399,081)</u>	<u>(14,617,403)</u>

The accompanying notes are an integral part of these financial statements

NORTH RED DEER RIVER WATER SERVICES COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	759,478	465,925
Items which do not affect cash:		
Amortization of capital assets	465,610	465,610
Net change in non-cash working capital balances:		
Decrease (increase) in trade and other receivables	878,010	(1,428,244)
(Increase) in inventory of supplies	(6,766)	(36,070)
Increase (decrease) in accounts payable and accrued liabilities	(37,178)	(10,122)
	2,059,154	(542,901)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of debenture debt	(539,151)	(515,637)
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	1,520,003	(1,058,538)
CASH POSITION AT BEGINNING OF YEAR	(27,864)	1,030,674
CASH POSITION AT END OF YEAR	1,492,139	(27,864)

The accompanying notes are an integral part of these financial statements

**NORTH RED DEER RIVER WATER SERVICES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

1. SIGNIFICANT ACCOUNTING POLICIES

- a) **Management's Responsibility for the Financial Statements** - The financial statements of the North Red Deer River Water Services Commission (the "Commission") are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board. The Commission is constituted under the Municipal Government Act and was approved by the Minister of Municipal Affairs on June 8, 2004, for the purpose of constructing, maintaining, controlling, and managing a regional water system. The members of the Commission are the City of Lacombe, Lacombe County, Ponoka County, Town of Blackfalds, and the Town of Ponoka.
- b) **Budget Amounts** - The operating budget amounts presented on the Statement of Operations are taken from the Commission's annual budget. The Commission did not approve a formal capital budget for 2012.
- c) **Revenue Recognition** - The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Government transfers are received from third parties pursuant to agreement and may only be used for the completion of specific work or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, or the tangible capital assets are acquired.
- d) **Inventory of Supplies** - Inventories of materials and supplies for consumption are valued at the lower of cost or replacement cost.
- e) **Tangible Capital Assets** - Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the date of contribution and are also recorded as revenue.

The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful life commencing once the asset is available for productive use as follows:

	YEARS
Buildings	25 - 50
Engineering Structures	
Water system	45 - 75
Machinery, equipment, and furnishings	5 - 30
Vehicles	10 - 25

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

- f) **Use of Estimates** - The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

NORTH RED DEER RIVER WATER SERVICES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

2. FINANCIAL INSTRUMENTS

The Commission utilizes various financial instruments. It is management's opinion that the Commission is not exposed to significant interest or currency risks arising from these financial instruments.

The carrying value of these financial instruments approximates their fair value.

3. BANK OVERDRAFT

Bank overdraft is comprised of an overdraft protection agreement with a maximum overdraft of \$1 million and interest charged at lender prime less .25%. Collateral is comprised of a general security agreement specifically pledging all grant proceeds and debenture proceeds.

4. LONG-TERM DEBT

	<u>2012</u>	<u>2011</u>
	<u>\$</u>	<u>\$</u>
4.46% debenture, repayable \$66,762 semi-annually, due September 15, 2031	1,698,885	1,754,763
4.515% debenture, repayable \$570,688 semi-annually, due June 15, 2031	14,212,153	14,695,426
	15,911,038	16,450,189
Less current portion	563,737	539,151
Long-term portion	15,347,301	15,911,038

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
2013	563,737	711,165	1,274,902
2014	589,444	685,458	1,274,902
2015	616,323	658,578	1,274,901
2016	644,428	630,473	1,274,901
2017	673,815	601,085	1,274,900
Subsequent	12,823,291	4,454,636	17,277,927
	15,911,038	7,741,395	23,652,433

Debenture debt is issued on the credit of the Commission at large. The Commission has agreed to levy upon the member municipalities, a cubic meter water service fee based on actual use sufficient to provide for annual funds to pay principal and interest due each year on debentures and annual operating costs.

NORTH RED DEER RIVER WATER SERVICES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

5. DEBT LIMIT

Section 3 of Alberta Regulation No. 76/2000 requires that debt and debt limits for the Commission to be disclosed. The Commission has received approval to borrow up to \$27 million under ministerial orders L:043/05 (\$22,000,000) and L:148/05 (\$5,000,000) to complete the project and as such, has not exceeded its debt limit at December 31, 2012. The debt limit and debt service limit otherwise determined are as follows:

	2012	2011
	\$	\$
Total debt limit	10,095,267	9,187,338
Total debt	(15,911,038)	(16,450,189)
Amount of debt limit exceeded	(5,815,771)	(7,262,851)
Debt servicing limit	1,766,672	1,607,784
Debt servicing	(1,274,901)	(1,274,901)
Amount of debt servicing unused	491,771	332,883

The debt limit is calculated at two times the revenue of the Commission (as defined in Alberta Regulation No. 76/2000) and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify Commissions that could be at financial risk if further debt is acquired. The calculation alone does not represent the financial stability of the Commission. Rather, the financial statements must be interpreted as a whole.

6. INVENTORIES OF SUPPLIES

	2012	2011
	\$	\$
Valves	38,921	36,070
Material and Supplies	8,660	8,660
Pipe	8,513	8,513
Couplings	2,707	2,707
Miscellaneous	4,612	701
	63,413	56,651

NORTH RED DEER RIVER WATER SERVICES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

7. TANGIBLE CAPITAL ASSETS

			2012
	Land	Engineered Structures	Total
Cost, beginning of year	1,821,692	34,776,820	36,598,512
Additions	-	-	-
Cost, end of year	1,821,692	34,776,820	36,598,512
Accumulated amortization, beginning of year	-	2,539,438	2,539,438
Amortization	-	465,610	465,610
Accumulated amortization, end of year	-	3,005,048	3,005,048
Net carrying amount, end of year	1,821,692	31,771,772	33,593,464
			2011
	Land	Engineered Structures	Total
Cost, beginning of year	1,821,692	34,776,820	36,598,512
Additions	-	-	-
Cost, end of year	1,821,692	34,776,820	36,598,512
Accumulated amortization, beginning of year	-	2,073,828	2,073,828
Amortization	-	465,610	465,610
Accumulated amortization, end of year	-	2,539,438	2,539,438
Net carrying amount, end of year	1,821,692	32,237,382	34,059,074

8. EQUITY IN TANGIBLE CAPITAL ASSETS

Net assets invested in capital assets is calculated as follows:

	2012	2011
	\$	\$
Capital assets	33,593,464	34,059,074
Long-term debt	(15,911,038)	(16,450,189)
	17,682,426	17,608,885

**NORTH RED DEER RIVER WATER SERVICES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

9. ACCUMULATED SURPLUS

	2012 \$	2011 \$
Unrestricted operating surplus	1,577,800	891,863
Unrestricted capital surplus	233,104	233,104
General operating reserve	486,517	486,517
Capital reserve	277,949	277,949
Equity in tangible capital assets	17,682,426	17,608,885
	20,257,796	19,498,318

The capital reserve is used to provide funds for specific capital equipment purchases to enhance or improve service delivery. Appropriations to the capital and operating reserves from unrestricted net assets are approved by the Board on an annual basis and made in accordance with the Commission Board's Capital and Operating Reserve Policy.

10. RELATED PARTY TRANSACTIONS

City of Lacombe, Town of Blackfalds, Town of Ponoka, Lacombe County, and Ponoka County are members of the Commission and, as such, have been identified as related parties.

- i) Water sales charged to Commission members are as follows:

	2012 \$	2011 \$
City of Lacombe	2,368,963	2,150,684
Town of Ponoka	1,390,579	1,308,712
Town of Blackfalds	1,122,055	981,926
Ponoka County	9,283	6,705
	4,890,880	4,448,027

- ii) Service fees are based on the actual net operating costs of the Commission and are allocated among various Commission members based on earlier agreement. Service fees charged to Commission members are as follows:

	2012 \$	2011 \$
Lacombe County	67,088	65,716
Ponoka County	67,088	65,716
	134,177	131,432

- iii) The Commission is provided accounting, management, and operations services by the City of Lacombe for a total cost of \$83,546 (2011 - \$88,826) to the Commission.

Included in accounts receivable and due from related parties are \$1,332,836 (2011 - \$2,215,050) due from various member municipalities.

**NORTH RED DEER RIVER WATER SERVICES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

11. SIGNIFICANT AGREEMENTS

- i) The Commission has entered into a 25 year agreement with the City of Red Deer, expiring August 31, 2030, to purchase water. The agreement may be terminated by either party by giving five year's written notice. Under the agreement, the Commission is obligated to purchase an annual quantity of water to be determined by negotiation between the parties at a rate calculated on a cost of service basis utilizing the principles set out in the American Water Works Association manuals of practice dealing with water rates and charges.
- ii) The Commission has entered into agreements with the City of Lacombe, Town of Ponoka, Town of Blackfalds, and Ponoka County to supply water. Under the agreement, the Commission is obligated to provide a maximum allocation of water to each municipality for a price determined annually by October 31st of the prior year.

12. SUPPLEMENTARY CASH FLOW INFORMATION

	<u>2012</u>	<u>2011</u>
	<u>\$</u>	<u>\$</u>
Interest earned	<u>16,662</u>	<u>14,172</u>
Interest paid	<u>729,322</u>	<u>757,651</u>

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Commission Board and Administration.

April 8, 2013

Mr. Michael Minchin, Administrator
North Red Deer River Water Services Commission
5432 - 56 Ave
Lacombe Alberta T4L 1E9

Dear Mr. Minchin:

Re: Management Letter

North Red Deer River Water Services Commission

During the course of our audit of the financial statements of North Red Deer River Water Services Commission for the year ended December 31, 2012, we identified matters which may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

The responsibility for producing consolidated financial statements and ensuring adequate internal controls and sound business practices is the responsibility of the Board of Directors through management and is a part of management's overall responsibility for the ongoing activities of the Commission. Policies and procedures developed by the Commission to safeguard its assets and to provide reasonable assurance that errors and irregularities or illegal acts are promptly identified, must be properly monitored to ensure that all staff are complying with the guidelines provided. Where we determined, from our testing, that there exists a need for improvement in existing systems of internal control or if we detected that the Commission's staff are not complying with the critical accounting policies and procedures provided by management, we increased our year-end testing of account balances to ensure that audit risk was kept to an appropriate low level.

The comments and concerns expressed herein did not have a material effect on the Commission's consolidated financial statements and, as such, our opinion thereon was without reservation. However, in order for the Commission to ensure the safeguarding of its assets and the accuracy of its records, we believe our comments and concerns should be taken into consideration by management. Our comments are not intended to reflect upon the honesty or

competence of the Commission's employees.

The matters we have identified are discussed in the attached appendices.

This communication is prepared solely for the information of the Board of Directors and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the cooperation and assistance which we received during the course of our audit from Theresa Musser.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours truly,

Alan Litster, CA
Partner through a corporation
BDO Canada LLP
Chartered Accountants

North Red Deer River Water Services Commission

Appendix 1

Summary of Matters Identified

December 31, 2012

Accidental Deposits

It was found at year end that the trial balance for North Red Deer River Water Services Commission (NRDRWSC) did not balance. This was due to deposits being made to the City of Lacombe bank account in error. We recommend reviewing the cash receipting process to prevent NRDRWSC receipts from being deposited to the City of Lacombe bank account in addition to monthly reconciliation of the interfund balances accounts.



ENVIRONMENTAL SERVICES

February 20, 2013

Michael Minchin, Commission Administrator
 North Red Deer River Water Services Commission
 c/o Town of Lacombe
 5432 – 56 AVE
 Lacombe AB T4L 1E9

Dear Mr. Minchin,

Re: North Red Deer River Water Services Commission - Water Rates for 2013

As outlined in our Water Supply Agreement with the North Red Deer River Water Services Commission (NRDRWSC), the approved price for the supply of water to the NRDRWSC will be \$1.23 per cubic metre. The NRDRWSC rate was calculated on a cost of service basis, utilizing the principles set out in the American Water Works Association manuals of practice. The price was derived using an estimated volume of 2,570,000 cubic metres as per your letter dated October 31, 2012. The 2013 capital and operating budget have been approved by Council.

The 2013 rate is an increase of 3.7% above the 2012 rate of \$1.1839.

As per the Water Supply Agreement, we will prepare a "true-up" reconciliation following our 2013 year-end to develop an actual cost per cubic metre based on actual costs and supply volumes. We will then issue an invoice or credit if the actual unit cost is more than 10% above or below that used during the course of the year.

Yours truly,


 Tom Warder, P. Eng.
 Environmental Services Manager

sm/lms

- c. Water Superintendent
 Development Services Director
 Environmental Services Office Supervisor



**North Red Deer
Regional Water
Services Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Phone: (403) 782-6666
Fax: (403) 782-5655

M E M O R A N D U M

March 31, 2013

Attn: NRDRWSC Commission

Re: Operational Report since November 5, 2012 to Current

Here is what has happened since November 5, 2012:

Alberta One Call Locate Requests – 2012 = 937 requests; 2013 – January = 44, February = 33, March = 46.

2013

Call-out charges:

- Jan. 18 – Chris H called by Red Deer treatment plant @ 8:15am – lost communication with Riverside (Ponoka) – UPS batteries dead, changed batteries out, communication restored.
- Feb. 9 – Chris H called by Red Deer treatment plant @ 1:30am – low level alarm at pump house “C” (Lacombe) – reset UPS in the PLC cabinet, level at normal operating for the station.
- Feb. 10 – Chris H called by Red Deer treatment plant @ 3:35pm – actuator valve not responding at Lucas – unable to gain control back to the actuator, begin manually filling reservoir. Ponoka personnel closed valve the next morning.
- Feb. 16 – Chris H closed valve to Lucas @ 4:36pm – level at 2.53m
- Feb. 19 – Brian R closed valve to Lucas @ 7:00pm – level at 2.81m
- Feb. 21 – Brian R called by Red Deer treatment plant @ 3:35am – low level alarm at Lucas – level at 2.19m – start fill
- Feb. 21 – Brian R closed valve at Lucas @ 9:20pm – level at 2.73m
- Feb. 22 – Chris H closed valve to Lucas @ 5:20pm – level at 2.73m
- Feb. 23 – Chris H closed valve to Lucas @ 5:01pm – level at 2.71m
- Feb. 24 – Chris H repositioned valve at Lucas @ 5:03pm – level at 2.68m – set valve to fill at 22m³/hour in anticipation of increased use Monday morning.

Repair response charges:

- Jan. 30 – Call from Red Deer treatment plant – lost communication with Railway (Blackfalds) – reset PLC modem, communication restored.
- Feb. 14 – Brian R contacted Summit regarding Lucas actuator
- Feb. 21 – Brian R and Phase 3 electric @ Lucas to troubleshoot valve operation
- Feb. 22 – Chris H, Ryan Morden and Andrew (Summit Valve) @ Lucas – unsuccessful repair.
- Feb. 25 – Brian R, Andrew (Summit Valve) and Sean (Stantec) @ Lucas to repair actuator valve – successful.

Operations has learned that the actuator valves that were installed in the various reservoirs are inappropriate for the task that they are expected to perform. Another valve was proposed at the time of build, but was not chosen due to cost. Summit Valve has provided operations with a quote to replace the actuator valve at Lucas for \$7,625 with a proper actuator valve. We are also requesting a quote from another contractor for the Lucas actuator valve. Anticipated costs are very similar to the valve quoted by Summit Valve. The valve at Lucas has been repaired 3 times in the past at a cost of approx. \$6,500. It is not the only valve, so if changed and the new valve works exceptionally, then a change out

plan for all valves should be considered. The line has 10 actuator valves; costs to replace will vary depending on sizes of lines

If you have any questions or comments regarding the operations described above please don't hesitate to call or email me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Matthew Goudy', with a stylized, cursive script.

Matthew Goudy, P.Eng.
Infrastructure Services Director



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Michael Minchin, Administrator

DATE: April 4, 2013

RE: Administrator's Report

REF: 47/117
(2013)

The following is a summary of items Administration has been working on since the Board's last meeting:

1. The City of Red Deer has established the 2013 water rate to be charged to the Commission (See item 5a). The 2013 rate is \$1.23 per cubic metre. The 2013 budget estimate was \$1.24 per cubic metre.
2. Administration has been in discussions with Mike Reid of Evraz in Red Deer regarding possible water service. An email was sent out to all members seeking comment. This item will be discussed under New Business item 8(c).
3. Staff have also been reviewing the history of the water line and discussion concerning possible use of right of way (Item 7a).
4. Administration notified area fire chiefs regarding changes to water outlets near the various reservoirs along the regional line. These outlets are used as flush points on the regional line. At the time of construction, hydrants were installed as the physical flush points which have resulted in them being mistaken for actual fire hydrants. Operations staff have now placed covers on these hydrants.
5. The 2012 audited financial statements have been completed. Slighter lower operating expenses as well as a lower than budgeted water rate from the City of Red Deer resulted in a higher than budgeted surplus

CITY OF LACOMBE
GL Department Report



GL5330

Page :

Item 6b(ii)

Date : Apr 04, 2013

Time : 4:35 pm

Year : 2013

Period : 2

Budget : FINAL BUDGET

Account No.	Description	Current	Year To Date	Budget	Variance	% Used
REGIONAL WATER REPORTING						
6 REGIONAL WATER COMMISSION						
1 REVENUES						
47 Regional Water Revenues						
06-1-47-35110	Water Sales - City of Lacombe	-175,678	-372,642	-2,423,743	-2,051,101	15
06-1-47-35120	Water Sales - Town of Ponoka	-101,206	-213,154	-1,519,131	-1,305,977	14
06-1-47-35130	Water Sales - Town of Blackfalds	-83,518	-179,140	-1,164,466	-985,326	15
06-1-47-35140	Water Sales - Ponoka County	-610	-1,314	-13,365	-12,051	10
06-1-47-55100	Interest Revenue	-1,740	-3,357	-14,910	-11,553	23
06-1-47-55500	Rebates & Dividends	0	0	-50	-50	
06-1-47-85140	Lacombe County Contribution	0	0	-67,000	-67,000	
06-1-47-85150	Ponoka County Contribution	0	0	-67,000	-67,000	
47 Regional Water Revenues		-362,752	-769,607	-5,269,665	-4,500,058	15
1 REVENUES		-362,752	-769,607	-5,269,665	-4,500,058	15
2 EXPENSES						
47 Regional Water Operating Expenditures						
06-2-47-11110	Board Wages-City of Lacombe	0	0	1,750	1,750	
06-2-47-11120	Board Wages-Town of Ponoka	0	0	750	750	
06-2-47-11130	Board Wages-Town of Blackfalds	0	0	750	750	
06-2-47-11140	Board Wages-Lacombe County	0	0	750	750	
06-2-47-11150	Board Wages-Ponoka County	0	0	750	750	
06-2-47-21110	Board Travel-City of Lacombe	0	0	500	500	
06-2-47-21120	Board Travel -Town of Ponoka	0	0	500	500	
06-2-47-21130	Board Travel-Town of Blackfalds	0	0	500	500	
06-2-47-21140	Board Travel-Lacombe County	0	0	500	500	
06-2-47-21150	Board Travel-Ponoka County	0	0	500	500	
06-2-47-21400	Membership Fees	0	0	200	200	
06-2-47-21500	Postage & Freight	0	0	350	350	
06-2-47-21700	Telephone - Office	51	51	305	255	17
06-2-47-21701	Telephone - Operations	1,339	1,339	9,240	7,902	14
06-2-47-23000	Management Fees	0	0	48,825	48,825	
06-2-47-23100	Accounting and Auditor Fees	6,900	6,900	8,875	1,975	78
06-2-47-23200	Legal Fees	0	0	1,000	1,000	
06-2-47-23900	Other Professional Services	204	462	44,100	43,638	1
06-2-47-25300	Equipment Repair & Maintenance	462	462	15,000	14,538	3
06-2-47-25301	SCADA Maintenance	897	1,794	11,500	9,706	16
06-2-47-27400	Insurance & Bond Premiums	0	0	5,500	5,500	
06-2-47-34200	Administration	0	0	6,782	6,782	
06-2-47-35100	Purchase of Water	233,324	467,869	3,164,828	2,696,959	15
06-2-47-35200	Operations	0	0	100,000	100,000	
06-2-47-51000	Miscellaneous Expenses	0	0	500	500	
06-2-47-51100	Meeting Supplies	0	0	250	250	
06-2-47-51400	Office Supplies	0	0	250	250	
06-2-47-52400	General Materials & Supplies	0	137	500	363	27
06-2-47-54400	Utilities-Electricity	420	840	5,000	4,160	17
06-2-47-56400	Valves	0	0	5,000	5,000	
06-2-47-83100	Debenture Interest	0	0	711,164	711,164	
06-2-47-83200	Debenture Principal	0	0	563,737	563,737	
06-2-47-99000	Amortization	0	0	465,610	465,610	
47 Regional Water Operating Ex		243,596	479,853	5,175,766	4,695,913	9

CITY OF LACOMBE
GL Department Report



GL5330

Page : 2

Date : Apr 04, 2013

Time : 4:35 pm

Year : 2013

Period : 2

Budget : FINAL BUDGET

Account No.	Description	Current	Year To Date	Budget	Variance	% Used
REGIONAL WATER REPORTING						
	2 EXPENSES	243,596	479,853	5,175,766	4,695,913	9
	Surplus/(Deficit)	-119,156	-289,754	-93,899	195,855	309
	6 REGIONAL WATER COMMISSION	-119,156	-289,754	-93,899	195,855	309
	REGIONAL WATER REPORTING Total	-119,156	-289,754	-93,899	195,855	309



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Michael Minchin, Administrator

DATE: April 3, 2013

RE: North Red Deer Wastewater Services
Commission – Request to Use Right of
Way

REF: 47/920
(2013)

The following is an update on the status of regional wastewater line from the Water Commission perspective.

A review of the original planning documents for the regional water line has shown that there was no specific planning for including a regional waste water line. These documents include:

1. The 2001 Regional Water Study prepared by UMA in September 2001
2. The Preliminary Design Report for the Water Transmission Pipeline Prepared by Associated Engineering in June 2003.

The feasibility of including both lines in the same right of way will be study by the Regional Wastewater Commission as part of its business case study.

As far as recouping the cost of the right of way from the regional waste commission, this will be dependent on the Minister of Municipal Affairs, as the provincial regulation creating the Commission states that any disposal or sale of the Commission's assets requires the Minister's approval.

In addition, the typical conditions of the grant provided under the Alberta Municipal Water Wastewater program would mean that the Commission would not be able to recoup the Province's portion of the cost of the right of way either through rental or disposal. In this project's case the Province's share was 50.58% If it did, it would be required to return the grant portion of the proceeds to Province.



5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members
FROM: Michael Minchin, Administrator
DATE: April 5, 2013

RE: Credit Card Policy 11_13

REF:47/210
(2013)

Administration is presenting for the Board's consideration Commission Policy 11_13, Credit Card Policy. A draft copy is attached to this memo.

Operations staff, on occasion, encounters instances where purchases are needed in an emergency situation or supplies are acquired from vendors that the Commission does not have an account. Currently, the Staff use City corporate credit cards, however this is not an ideal situation from a policy point of view or an accounting control perspective.

Administration is proposing that the Commission authorize the use of Commission issued credit cards. The attached policy outlines the rules governing such cards. The policy is based on the policy currently in place with the Lacombe Municipal Ambulance Association and is consistent with the City's current policy.

It is Administration's plan to issue only one card and that would be issued to the Operations Manager, Chris Huston.

Administration is recommending that this policy be approved as presented.



CREDIT CARD POLICY

Policy No. 11 (2013)

Replaces: New

Date Passed:

BACKGROUND

Commission authorized credit cards provides Administration of the Commission with an efficient and convenient method of purchasing that reduces the need to use other methods of procurement for small-dollar-value goods.

Administration is encouraged to use the Commission corporate credit card for, business expenses, and small-dollar-value purchases. Using a corporate credit card, instead of other forms of payment, saves time for both the user and Accounts Payable.

PURPOSE

The purpose of this policy is to define the business rules and restrictions for using the Commission corporate credit.

DEFINITIONS

1. Approver - The Commission Administrator and to whom the cardholder reports. In the case where the Administrator is a cardholder, the approver shall be the Commission Chair.
2. Cardholder - The specific individual whose name appears on the corporate credit card.
3. Commission Corporate Credit Card - The credit card issued on behalf of the Commission.
4. Fraud- Unauthorized use of corporate credit card or card number by someone other than the individual to whom it is issued.
5. Misuse/ Abuse - Unauthorized or inappropriate use of the corporate credit card or card number by the employee to whom the card is issued.

POLICY

1. Scope

This policy applies to all Commission employees who have been issued a corporate credit card.
2. Consequences of Non-Compliance
 - a. Failure to adhere to this policy may result in:
 - i. Suspension of corporate credit card privileges.
 - ii. Mandatory reimbursement to the Commission for inappropriate purchases or fees.

3. General Use of the Commission Corporate Credit Card

- a. Cardholder must comply with all corporate credit card policies and procedures to retain the use of a corporate credit card.
- b. The Commission corporate credit card is strictly to be used for, or while, conducting official business on behalf of Commission. Personal purchases are not allowed under any circumstances.
- c. Circumventing the approved single transaction limit is prohibited.
- d. The Commission corporate credit card is not transferable and may only be used by the individual whose name appears on the card.
- e. The Commission corporate credit card must not be used in conjunction with any cards or programs that result in personal gain, including but not limited to bonus points, discount dollars or rebates.
- f. Cardholders are to take all reasonable measures to secure the Commission corporate credit card, including card number, in order to safeguard it from loss, theft, or unauthorized use.
- g. Cardholders are not entitled to travel advances. All expenses incurred while traveling on Commission business should be charged to the Commission corporate credit card.
- h. No employee may approve their own expenses.
- i. The Commission corporate credit card must be surrendered upon request of the approver.
- j. Cardholders must submit the original, detailed receipt that itemizes what was purchased, as well as the card slip for each transaction. A card slip that only shows the total amount of the purchase is not sufficient.
- k. If a business meeting, event, lunch, or dinner expense is incurred, the cardholder must identify the names of the other participants and the company or organization that they represent, as well as the nature of the business discussed.
- l. If cardholder is uncertain if their purchase will be in adherence with Commission policy they should consult their approver.

4. Missing Receipts

- a. If a detailed receipt is lost or goes missing the cardholder must obtain a duplicate receipt from the merchant.
- b. Cardholder may not, under any circumstance, use the receipt from a corporate credit card purchase to seek personal reimbursement.

5. Dispute of Transactions

- a. In the event of a discrepancy, cardholders are responsible for disputing the transaction with the merchant or Credit Card Company.
- b. If there is a transaction from a merchant that the cardholder does not recognize, the cardholder is required to contact the credit card company to report the incident.

6. Changes to Cardholder Status

If the cardholder no longer requires the Commission corporate credit card, is taking a leave of absence, is terminated, they must surrender their Commission corporate credit card to their approver.

7. Commission Corporate Credit Card Limits

Commission corporate credit card shall have a limit of two thousand dollars (\$2000.00)

8. Lost or Stolen Commission Corporate Credit Card(s)

- a. Cardholders are to take all reasonable measures to secure the Commission corporate credit card, including the card number, in order to safeguard it from loss, theft, or unauthorized use.
- b. If a Commission corporate credit card is lost or stolen the cardholder shall immediately contact the bank to cancel the card. The cardholder shall also inform the approver.

9. Purchases Not Permitted

- a. Items not related to Commission business.
- b. Personal purchases.
- c. Meals for which a per diems are claimed.
- d. Alcohol
- e. Cell phones or prepaid phone cards
- f. Parking/traffic violations

NOTE: the cardholder must reimburse Commission for any inappropriate purchases or fees within fourteen (14) Days of the following month.

10. Approver's Responsibility

- a. Ensure all receipts are attached to the monthly statement and G/L coding step has been completed and signed by cardholder.
- b. If card misuse is suspected, advise the cardholder, Board immediately.

11. Cardholder Responsibilities

The card holder must read, understand and adhere to the provisions of this policy.

It is important that each cardholder recognizes that purchases made using the Commission corporate credit card are expenditures of public/service funds and may be subject to a higher level of scrutiny. It is expected that cardholder(s) will exercise a high level of integrity and ethics to acceptable purchasing practices.

Chairperson

Manager



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Michael Minchin, Administrator

DATE: April 4, 2013

RE: Banking Service Agreement

REF: 47/810
(2013)

The City of Lacombe undertook a banking service request for proposal in the summer of 2012. In the fall of 2012, the City awarded a 5 year banking agreement to Servus Credit Union for the City's banking services.

As part of the RFP process staff also reviewed the banking agreements for the other entities that the City provided accounting services. That reviewed revealed that either these entities did not have a banking agreement or their agreements had long since expired.

In the case of the Regional Water Commission, the Board named Servus Credit Union as the Commission's banking institution in October of 2004. That agreement expired prior to 2009. Rather than issue a separate RFP for the Commission, Administration is recommending that the Commission enter into a new agreement with Servus Credit Union. The attached agreement is based on the same terms and conditions provided to the City. The agreement is for five years and provides for a higher rate of interest to be paid on bank balances than is currently paid to the Commission under the old agreement.

Please note that the attached agreement is a draft and includes a number of City references which will be updated to reflect Regional Water Commission.

North Red Deer River Water Services Commission

Proposal for Banking Services

Submitted by Servus Credit Union
09 October 2012



The terms of this proposal are not to be disclosed, publicly or privately, to any other party except legal counsel or other agents of the association who are specifically involved in this process. Without limiting the generality of the foregoing, no such persons shall use or refer to the Credit Union's name in any disclosure made in connection with any of the details described herein without the Credit Union's prior written consent.

Table of Contents

Executive Summary	Page 2
Servus Credit Union Profile	Page 3
Section One	Page 4
Banking Services	Page 5
Net Banking	Page 7
Electronic Payment Services	Page 8
Card Services	Page 9
Merchant Services	Page 10
Corporate Creditor Billing Service	Page 11
Lending Services	Page 12
Investment Services	Page 14
Section Two	Page 16
Terms and Conditions	Page 17
Fee Schedule	Page 22
Conclusion	Page 23

Executive Summary

Proposal Format

Section one: Overview of our products and services.

Section two: Proposed terms and conditions.

Financial Highlights

Key financial highlights of our offer are:

1. 5 year agreement
2. 100% Deposit Guarantee
3. Monthly service fee of \$0.00 for basic banking transactions for the North Red Deer River Water Services Commission.
4. Demand deposit balance interest (on ALL demands) will be Prime less 1.85% and calculated on the daily closing balance and paid monthly
5. Competitive Investment Rates and Options
6. Line of Credit available at Prime less 0.50% (Standard terms and conditions apply. The credit agreement is provided separately and reviewed annually)

Experience & Account Management Team

Servus has extensive experience with many of Alberta's largest public organizations and currently has banking relationships with over 80 municipalities. Servus has highly experienced employees who offer a unified approach to managing all aspects of your banking relationship. The City of Lacombe will be partnered with a local Relationship Management Team and Business Banking Specialists that have experience dealing with members that are similar in size and scope to your organization.

Main Service Branch

Branch Address:
4920 51 Ave
Lacombe AB T4L 2K3

Branch Hours:
Monday - Thursday: 9.30am – 5.00pm
Friday: 9.30am – 6.00pm
Saturday: 9.30am – 3.00pm

Servus Credit Union

About Servus Credit Union

Servus Credit Union is a member owned, community based financial institution with roots dating back to 1938. Servus is Alberta's largest credit union and Canada's first province wide credit union. The new Servus serves 400,000 member-owners from 100 locations in 63 communities across the province and has assets of \$10 billion.

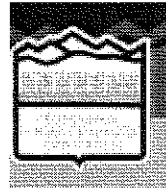
Based in Edmonton with Regional Offices in Lloydminster and Red Deer, Servus Credit Union provides a complete line of financial services including: loans, deposits, investments, telephone and Internet banking, ATMs, debit and credit cards, financial planning, insurance, trust, agricultural and commercial services.

Member-Ownership

Member-ownership in Servus Credit Union is represented by the purchase of Common Shares. All it takes is a \$1 investment to benefit from credit union membership – including the right to democratically elect and run for a position on the Board of Directors. Plus, our member-owners share in our profits and are protected by a 100% Deposit Guarantee.

Profit Sharing

Sharing our success with the people who make it possible is a fundamental principle of being a credit union. In 2011, a combined total of more than \$43 million was returned to member-owners.



100% Deposit Guarantee

Deposits are 100% guaranteed by the Credit Union Deposit Guarantee Corporation. This means both the money you put in and the interest earned is safe and secure – up to any dollar amount. The Government of Alberta ensures that the Credit Union Deposit Guarantee Corporation's obligations to depositors will be carried out.

Community Support

Community building and people helping people are two of the guiding principles that make Servus Credit Union and our employees unique. Through a variety of donation and sponsorship programs, and even an employee volunteer program, Servus helps build lives not just bank accounts.

Exceptional Service

Consistent with national results from the 2009 Synovate Best Banking Awards, Servus Credit Union and the Alberta Credit Union system in general received outstanding scores for customer service excellence among all financial institutions in the province.

Servus Credit Union along with all Alberta Credit Unions also matched the system's national performance by achieving outstanding customer ratings in Value for Money and Recommend to Friends & Family.

Section One

Banking Services

Banking Services

Operating Accounts

Servus Credit Union's business operating accounts offer flexible banking plan options or can be customized to suit your needs. You may choose to use a single account for all of your operating needs or establish multiple accounts to provide detailed records and reporting by location or purpose.

Business NET Savings

Business NET Savings is a non-operating, high yield savings account accessible through Net Banking. Excess funds where liquidity is required can be transferred online to maximize investment returns until needed for operating requirements.

Cheques and Deposit Slips

Cheques and supplies are available through our service provider Davis and Henderson. Costs associated with these supplies are available on a quotation basis. Cheques printed "in house" or through private suppliers are subject to testing before mass printing if they have not been previously approved by Servus Credit Union.

ATM and Night Deposit

Deposit only access is available on debit cards. The cards can be assigned to specific accounts for the various operations. Deposits may be made through any credit union ATM machine in Alberta. Night deposit service is available at most Servus branch locations.

Statements

Bank statements are available in various frequencies and may be picked up at a designated branch or provided by mail. All return items are in image format and daily transactions can be viewed online 24 hours a day.

Banking Services

Cheque Imaging

Our cheque imaging service includes the image capture of all clearings using state of the art image technology. Cheque fronts and backs are image-captured. Once captured, the cheque images are archived for future member on-line retrieval and research.

Bank Reconciliations

Account transactions can be downloaded on our online banking service and integrated into your accounting software.

Net Banking

Servus Credit Union's internet banking service for business offers a variety of services including access to real-time information to assist with monitoring and managing daily cash flow requirements. Access to online banking is available 24 hours a day seven days a week.

Standard Features

- Real-time account activity & balances
- 24 hours a day, 7 days a week access
- View cheque images online
- View multiple business accounts
- Multiple vendor bill payments
- Track payments with audit trail tool
- Transfer funds online
- Reconcile multiple accounts at one time
- View consolidated financial position
- Assign multiple users
- Customize user authority & limits
- Customize account grouping & viewing
- Individual user I.D. & Passwords
- Dual authority transaction feature
- Create automatic transfers
- Remit business taxes online
- Remit payroll source deductions to CRA
- Download account data to software



Security

The Servus Online Banking system utilizes 128 bit encryption technology, firewalls and monitoring systems to provide a safe and secure environment.

Electronic Payment Services



Customer Automated Funds Transfer

CAFT provides users with the ability to electronically deliver or collect funds to and from any financial institution in Canada. Existing accounting software files containing individual banking information and amounts of each electronic transaction are easily uploaded and released directly from the CAFT website.

Payables & Payroll

Users have the ability to release as many files as required per month to meet current Payroll/Payable frequency requirements. The Payroll/Payable frequency is pre-determined by the user and one time "bonus" payments, pension remittances or other can be released individually at anytime.

Collection of Account Receivables

The CAFT system is also utilized for the collection of receivables. As outlined above, uploaded files from existing software and or created online, can be released to initiate collection of the users' receivable requirements.

Cash Management/Concentration

CAFT service can be utilized for cash management and concentration purposes to transfer funds from accounts maintained at other financial institutions. The intent of the functionality is to provide sweep capabilities for locations not directly served by the credit union. Same day settlement can be achieved on files are originated by 9:00 am.*

Features and Benefits

Extensive online reporting and reconciliation functions including files released and individual payee/payor transactions

- Data entry or file upload
- On-line Help
- Secure internet transmission
- Receive E-mail acknowledgment of validated files for audit purposes
- File limit and individual dollar transactions amounts for control requirements
- Dual authorization
- Customize payment frequency options
- Establish multiple user permission levels for reconciliation or file release

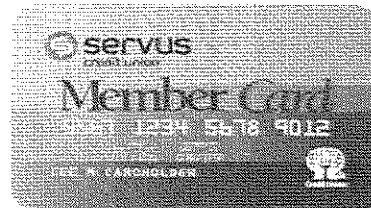
www.caft.paymentsanytime.com

* To ensure accuracy and conformity, files should be sent a minimum of 48 hours prior to release date to a maximum of 30 days prior to due date. Software Requirements – 128 bit encryption, Canadian Payments Associations (CPA) standard 005 format for data upload files.

Card Services

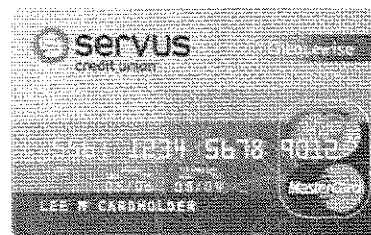
Debit Card for Business

- Member Card® debit card
- Offers deposit only capabilities
- Deposits can be made at any credit union ATM in Alberta



Chequewise for Business

- Flexible expense account structure attached to deposit accounts
- Accepted by merchants as a credit card, but the funds come directly out of a chequing account.
- Provides greater control over managing expenses
- Transactions and history downloadable in CSV and text
- Allows you to control and fund the maximum spend amount



The account is not a credit facility and only allows employees access the available balance

- Transfer funds for immediate credit to the account anytime 24/7 through Net Banking

Business Expense Card

The Business MasterCard product offers program options with a number of features and benefits. Terms may be subject to change:

- No Annual Fee (fee may apply for additional cards), Low Fee, Cashback options available
- Common Carrier Travel Accident of \$1,000,000
- Car Rental Collision Damage Waiver coverage
- Purchase Assurance and Extended Warranty
- Cash Back Program Available (annual fee applies)

Individual Pay

- Unique account established for each authorized cardholder within the business
- Cardholders receive separate statements with an amount due
- No summary statement generated
- Payments must be remitted for each individual account

Consolidated Pay

- Main account is established for the business (control account)
- Each authorized cardholder is assigned a sub-account linked to the control account
- Credit limit assigned on each sub-account acts as a monthly spending limit

Merchant Services

Servus Credit Union has partnered with First Data, a leading industry service provider, to facilitate merchant services for our members. Our merchant services are designed to provide Canadian businesses with a comprehensive package of credit card and debit card processing services including MasterCard, VISA, Interac, Amex and Diners.

High Speed Processing

The Verifone Vx810 (POS) terminal is a cost effective, flexible solution ideal for use in financial, retail and service environment. Dual Internet Protocol (IP) and dial transactions processing provides superior processing power delivering secure, fast transactions.



E-commerce Solutions

Beanstream is a provider of online, real-time payment processing services, empowering merchants with trusted, reliable, world class, cost-effective e-commerce products and services. First Data has the ability to work with a number of other gateway providers (eg. Ceybersource, PSigate)

WiFi Processing

The Verifone Vx670 (POS) terminal offers the ability to process transactions via WiFi. It is a flexible "short range" solution ideal for use in retail and service environments, but can also be used in any merchant location. Internet connection and router required.

Cheque Warranty Service

Telecheck by First Data is established as a fraud-prevention service. Telecheck provides general merchant customer service and warranty for cheques.

Online Reporting

The ClientLine[®] online reporting tool provides access to centralized and comprehensive payment processing information and allows you to analyze the data in house. Reports are easy to generate and use data available by location, selected groups, or across multiple locations. You can access your information virtually anywhere for greater flexibility and effectiveness in managing your business.

Corporate Creditor Billing Service

We provide our members with an efficient, cost effective and fully encompassing solution for processing of Corporate Creditor Institution Number (CCIN) remittance payments. We process payments that are either received through the mail and/or via a Lockbox location, or electronically from other financial institutions.

Our members are given User ID and Password access to view all their payment images and information via **paymentsanytime.com®** a secure website. Access to images of remittances and cheques are available via the internet as soon as the payment file is passed to the client. Images are available for research 24/7.

CCIN Lead Bank Processing

We offer an image-based Lead Bank remittance solution for paper and electronic remittance payments paid at financial institutions. We consolidate bill payments taken at financial institutions and direct the remittances to the appropriate lead bank or corporate creditor. We offer APA or CCIN Paper Remittance processing services as well as Electronic CCIN Lead Bank processing.

Image Lockbox Services

Image Lockbox combines the features of a traditional lockbox with advanced image-capture technology, providing lead bank customers with access to images to enhance internal procedures as well as customer service due to easier access to Information.

Mail-In payments received by us are processed and then transmitted to our members the same business day for upload to customer accounts. Files are delivered based on our clients' choice of secure telecommunication requirements. Detailed reporting by payment type is provided along with same-day credit.

Features and Benefits

- Reduces returned cheques and associated fees.
- Reduces the number of branch, ATM and mailed bill payments that need to be researched.
- Improves service as your clients / residents no longer need to mail payments or stand in line at their bank
- Improves audit trail typically facilitates quicker tracing/enquires.
- EDI streamlines accounts receivables process as the manual entry of receivables information associated with paper documents can be imaged and automated.
- Reduces paper storage, retention and retrieval costs.

Lending Services

Operating Lines

Our operating loans/authorized overdrafts offer competitive floating interest rates and are the perfect solution for financing receivables, inventory, seasonal requirements or other cash flow needs.

Land and Building

For construction, acquisition and expansion, Servus Credit Union offers competitive fixed or floating interest rates on loans amortized up to 240 months.

Equipment Financing

Equipment financing is available with competitive fixed or floating interest rates. Payment schedules are geared to the estimated useful life of the equipment but also take into account the cash flow.

Equipment Leasing

Through Servus Credit Union's partnership with Concentra Financial Commercial Leasing we can design a lease for almost any type of business and equipment.

- Heavy equipment for construction, mining, forestry and energy sectors
- Office equipment
- Portable buildings and trailers
- Water treatment equipment and infrastructure
- Production, packaging and material handling equipment
- Grain bins and harvesting equipment
- Utility trucks and trailers
- Machine tools and robotics
- Banking systems
- Equipment for retail industry
- Computer networks and communications systems
- Medical, laboratory and diagnostic equipment



Lending Services

Operating lines are available by way of Canadian Dollar revolving facility.

Advances for Capital Rebuild, Equipment, Vehicles and Construction purposes are available by way of Canadian Dollar demand term facility.

In addition, term loans, letters of credit or other credit facilities will be made available as required and upon approval by Servus Credit Union.

Information Requirements

1. Most recent 2-3 years accountant prepared, audited financial statements for the town;
2. Copy of most recent budget for current or coming fiscal year;
3. Copy of the Borrowing Resolution;
4. Other documentation that may be deemed necessary from time to time by Servus Credit Union.

Interest

Amounts advanced by Servus Credit Union to the town shall bear interest while outstanding, before and after maturity, default and judgement at the **Servus Credit Union's prime lending rate less 0.50%.**

Fees

No administrative fees for the set-up and day to day operation of the borrowing facility/facilities.

Security

The security required to facilitate the credit requirements shall be in form and content satisfactory to Servus Credit Union and its solicitors as follows:

1. Current Borrowing Resolution;
2. Tabled By-Law authorizing borrowing by way of revolving overdraft facility;
3. Any other document Servus Credit Union deems necessary;
4. Servus Credit Union's solicitor's Letter of Opinion.

Please note, while not to be construed as a commitment, the foregoing forms the basis by which Servus Credit Union is prepared to recommend a formal credit application for approval.

Investment Services

Investment Options

Servus Investment Specialists will work closely with your organization to assist with the development of a suitable investment plan. Servus Credit Union currently provides short term investment options with a 100% deposit guarantee on all demand, savings and term investment accounts.

Investment Options

Servus can customize your term investment features to match future cash flow requirements or longer term investment strategies:

- Flexible maturity date options (1 day to 5 years)
- Redeemable options
- Fixed or floating rates
- Customize investments to mirror other available investments offered in the market place

Returns

Term interest rates for institutional deposits often meet or exceed the yields available on wholesale money market instruments and government bonds.

Fees

No management fees or commissions are charged for the above investment service.

Investment Services

Full Service Investment Dealer

To further diversify and explore other investment options, many credit unions in Canada provide their members' with access to a full service investment dealer. Credential Securities Inc.* is a full service investment dealer owned by the Credit Union systems across Canada. Members have access to a wide range of wealth management solutions and virtually every financial instrument available on the market today. Investments include, but are not limited to:

- Money market investments
- Treasury bills
- Corporate paper
- Banker acceptances
- Federal bonds
- Provincial bonds
- Corporate bonds

Fees

Credential Securities Inc. has access to quotes and delivery or purchase of bonds through a centralized service utilized by all investment dealers in Canada. (Fees and or commissions to purchase investments through this service may apply.)

Security

* Securities are offered through Credential Securities Inc., a subsidiary of Credit Union Central of Canada. Unless otherwise stated, mutual funds and other securities are not covered by Canada Deposit Insurance Corporation or any other government deposit insurer that insures deposits in credit unions. Mutual funds and other securities are not guaranteed, their values change frequently and past performance may not be repeated. Credential Securities Inc. is a Member – CIPF.

Section Two

Terms & Conditions

Terms and Conditions

1. Confidentiality

The material and information contained herein is confidential and proprietary to Servus Credit Union Ltd. (Servus) and is submitted solely for the use of the North Red Deer River Water Services Commission's evaluation process.

2. Length of Contract

The banking agreement will extend for a five (5) year period and is conditional to the following:

- a. Servus Credit Union Ltd. and the North Red Deer River Water Services Commission both reserve the right to renegotiate the agreement should there be a material change in circumstances and/or volume. During any renegotiation this agreement will remain in effect until a new agreement is accepted by both parties.
- b. The North Red Deer River Water Services Commission confirms acceptance of the offer by November 30th, 2012.

3. Expiry of Term

Upon expiry of the contract, the agreement shall automatically renew for successive one year terms that will be subject to possible renegotiation should there be a material change in service needs, transactions volumes or average account balances.

4. Termination of Contract

With 90 days prior written notice, either party may cancel this agreement; hand delivered or by registered mail.

5. Credit Union Prime Rate

The prime rate referred to in the proposal shall mean the rate of interest established from time to time as the Credit Union's prime lending rate for loans denominated in Canadian Dollars, adjusted automatically upon any change by the Credit Union. The Credit Union's prime lending rate is 3.00% at the date of this proposal.

6. Profit Share

Profit Share is approved by the Credit Union board of directors annually and paid in accordance with the Credit Union's policies and bylaws in effect.

7. Other

Any service not identified within the proposal is subject to our standard fee in effect at time of use or subject to separate negotiation.

Terms and Conditions

8. Customer Automated Funds Transfer (CAFT)

Electronic funds services for direct deposit (payroll) and pre-authorized debit collection (taxes, tuitions and utilities) is facilitated through our PaymentsAnytime (CAFT) service. The monthly service fee is detailed within the fee schedule on page 22.

9. Proposed Service Fees – Operating Accounts

Servus Credit Union is pleased to offer a fixed monthly fee of \$0.00 for all basic banking transactions associated with the operation of the North Red Deer River Water Services Commission's bank accounts. ATM deposits can be made at any Alberta Credit Union and funds will be automatically credited to the main operating account.

10. Account Interest

Interest will be calculated on the daily closing balance and paid monthly to each account at **Credit Union Prime Rate less 1.85%.**

11. Authorized Overdraft Facility

Credit facilities offered as requested at an annual rate interest equal to the credit union's prime lending rate less 0.50%, floating, payable and calculated monthly in arrears.

12. Investment of Surplus Funds

To enhance returns, term investments can be structured from 1 day to 5 years to match future cash flow needs. All term investment rates are subject to negotiation and quoted rates can change daily based on market conditions. Sample fixed rates are provided below as of September 19, 2012:

30 days	1.20%
60 days	1.25%
90 days	1.30%
120 days	1.35%
1 year	1.50%
2 years	1.75%
3 years	2.00%
4 years	2.10%
5 years	2.30%

Redeemable rates are available and can be negotiated on the date of investment purchase. There are no minimum balance requirements and Servus will apply our best rate regardless of the amount.

Terms & Conditions

12. Business NET Savings Account

Our high yield savings account provides a very competitive rate for liquid funds. Rates are shown below and may be subject to change:

Tiers	Rate
\$0 - 4,999	0.05%
\$5,000 - 9,999	1.00%
\$10,000 - 24,999	1.00%
\$25,000 - 99,999	1.00%
\$100,000 - 249,999	1.00%
\$250,000 - 999,999	1.00%
\$1,000,000 - 4,999,999	1.00%
\$5,000,000 - 14,999,999	1.00%
\$15,000,000 and over	0.10%

Interest calculation based on full amount of closing balance daily and paid monthly

13. Business (Corporate) Expense Card

Servus Business Expense Rewards Program (low fee)

Servus offers a competitive business expense card with flexible reporting and user options. The card includes various features and benefits including a dividend rewards program and one low annual fee of \$75.00 (no fee for additional cards). A basic card (no rewards) is available with no annual fee. Our Business MasterCard provides options to customize user limits, however procurement options such as customizing pre - approved suppliers is not available.

A business card application is required for this product and subject to approval. The terms and conditions are separate from this proposal. For more information please visit:

www.cuets.ca

14. Merchant Services – Visa, MasterCard and Debit Payments

Servus Credit Union has partnered with First Data to provide members with their merchant needs. The terms and conditions of this service must be negotiated separately from this proposal.

Terms and Conditions

16. Relationship Management Team

Our Cash Management Services department has highly trained staff and extensive experience dealing with organizations similar in size and scope with the North Red Deer River Water Services Commission and is available to meet and explore options for helping improve cash management efficiencies.

Main Contacts, Relationship Managers & Service Specialists	Title	Telephone
Sherry Henderson	Branch Manager	403.782.3387
Les Jaster	Senior Commercial Relationship Manager	403.783.4466 ext. 1118
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In 2011, Servus contributed \$1.4 million to organizations, agencies and projects that share our commitment to building a better world. What's even more telling is the way these funds are distributed. In order to ensure our support was truly making a difference, we put the people closest to the community and our members (our branch employees) in charge of making community investment decisions. More than 65% of the funding we provide is determined at a local level. This ensures that the priorities in your community are priorities too. We have also focused our efforts on four primary areas:

- Children and youth
- Local community initiatives and events
- Social services and poverty
- Education

Profit Sharing

Profit Share is approved by the credit union board of directors annually and paid in accordance with the Credit Union's policies and bylaws in effect. Eligible non consumer members will be entitled to a dividend on common share balances and patronage. Patronage for non consumer members is paid as service charge rebates.

For fiscal year 2011, dividend paid to non-registered common shares balance was 4.25% based on the minimum balance held in the common share account from Nov 1, 2010 through Oct 31, 2011. Non consumer members saw a 20% fee rebate on fees paid during



18. Potential Future Services - CCIN and Consolidated EFT Payments

We provide our members with an efficient, cost effective and fully encompassing solution for processing of Corporate Creditor Institution Number (CCIN) remittance payments.

i) Remittance Processing for Paper and Electronic Transactions

- An image-based Lead Bank remittance processing solution for CCIN compliant paper payments paid at financial institutions.
- An Electronic Data Interchange (EDI) solution for acceptance and processing of CCIN electronic remittance payments paid at financial institutions via internet and telephone banking, or over the counter payments that may be converted to electronic streams by financial institutions. EDI files are uploaded in CPA standard 009.

ii) Mail-In/Lockbox

- An end to end solution for Mail-In/Lockbox paper payment processing. This includes delivery to a Calgary mailbox location, opening and processing remittances and cheques, capturing images of the payments and formatting the remittance information into Credit Union Payments Services' (CUPS) standard file layout for delivery by 3:00 p.m. MT each day.

Volumes permitting, Lead Bank remittance services can potentially offer significant benefits in terms of creating greater efficiencies, reduced staff costs and administration service.

Servus would be more than happy to discuss this service in more detail. All CCIN and EDI fees are subject to separate negotiation once all requirements are known.

Fee Schedule

<i>Service Description</i>	<i>Unit Cost*</i>	<i>Monthly Volumes</i>	<i>Estimated Monthly Fee</i>
Banking Transactions (monthly)			
Branch /Night/ ATM Deposits	Included		
Cheques	Included		
Pre-authorized debits & credits	Included		
Transfers between accounts	Included		
Deposit items			
Cheques	Included		
Cash / Coin	Included		
Other Sundry Items			
Bill payments (on line only)	Included		
Monthly bank statements	Included		
Electronic Statements	Included		
Chargeback's/returns	Included		
Money Order, Drafts & Certified Cheques	Included		
Stop Payment	Included		
Night Depository Service	Included		
Group Savings Plan CSB Payroll deduction	Included		
Fixed monthly service fee			<u>\$0.00</u>
CAFT			
	<i>Unit Cost*</i>	<i>Monthly Volumes</i>	<i>Estimated Monthly Fee</i>
Monthly Files	Included		
Items (payables or receivables)	Included		
Return item/chargeback's	Included		
Add originator	Included		
Change originator	Included		
File limit changes (temporary)	Included		
File limit changes (permanent)	Included		
Report re-creation (per report)	Included		
Trace request	Included		
Recall (per item with a maximum charge of \$25.00)	Included		
Fixed monthly CAFT fee			<u>\$0.00</u>

* All services shown above as "included" are included in the fixed monthly fee. Any other service is subject to standard fees or negotiation.

Conclusion

Servus Credit Union would like to thank you for the opportunity to provide this written proposal. We are confident that we offer a unique combination of products, features and benefits that no other financial institution can match. This document reflects our interest in establishing a partnership and the strong commitment of our team.

Sherry Henderson

Branch Manager

Servus Credit Union, Lacombe

4920 5 Ave Lacombe AB T4L2K3

Transit 21629-899

Telephone: 403.782.3387

Fax: 403.782.5511

sherry.henderson@servus.ca

Accepted on behalf of the North Red Deer River Water Services Commission by the following authorized signing officers,

By: _____
Title: _____

Date _____

By: _____
Title: _____

Date _____

Executive Summary

Proposal Format

Section one: Overview of our products and services.

Section two: Proposed terms and conditions.

Financial Highlights

Key financial highlights of our offer are:

1. 5 year agreement
2. 100% Deposit Guarantee
3. Monthly service fee of \$0.00 for basic banking transactions for the City of Lacombe and Lacombe Public Library.
4. Demand deposit balance interest (on ALL demands, City and Library) will be Prime less 1.85% and calculated on the daily closing balance and paid monthly
5. Competitive Investment Rates and Options
6. Line of Credit available at Prime less 0.50% (Standard terms and conditions apply. The credit agreement is provided separately and reviewed annually)

Experience & Account Management Team

Servus has extensive experience with many of Alberta's largest public organizations and currently has banking relationships with over 80 municipalities. Servus has highly experienced employees who offer a unified approach to managing all aspects of your banking relationship. The City of Lacombe will be partnered with a local Relationship Management Team and Business Banking Specialists that have experience dealing with members that are similar in size and scope to your organization.

Main Service Branch

Branch Address:
4920 51 Ave
Lacombe AB T4L 2K3

Branch Hours:
Monday - Thursday: 9.30am - 5.00pm
Friday: 9.30am - 6.00pm
Saturday: 9.30am - 3.00pm

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Servus would be more than happy to discuss this service in more detail. All CCIN and EDI fees are subject to separate negotiation once all requirements are known.

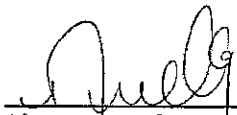
Fee Schedule

<i>Service Description</i>	<i>Unit Cost*</i>	<i>Monthly Volumes</i>	<i>Estimated Monthly Fee</i>
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Branch /Night/ ATM Deposits	Included		
Cheques	Included		
Pre-authorized debits & credits	Included		
Transfers between accounts	Included		
Deposit Items			
Cheques	Included		
Cash / Coin	Included		
Other Sundry Items			
Bill payments (on line only)	Included		
Monthly bank statements	Included		
Electronic Statements	Included		
Chargeback's/returns	Included		
Money Order, Drafts & Certified Cheques	Included		
Stop Payment	Included		
Night Depository Service	Included		
Group Savings Plan CSB Payroll deduction	Included		
Fixed monthly service fee			\$0.00
CAFT			
	<i>Unit Cost*</i>	<i>Monthly Volumes</i>	<i>Estimated Monthly Fee</i>
Monthly Files	Included		
Items (payables or receivables)	Included		
Return item/chargeback's	Included		
Add originator	Included		
Change originator	Included		
File limit changes (temporary)	Included		
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Trace request	Included		
Recall (per item with a maximum charge of \$25.00)	Included		
Fixed monthly CAFT fee			\$0.00

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Conclusion

Servus Credit Union would like to thank you for the opportunity to provide this written proposal. We are confident that we offer a unique combination of products, features and benefits that no other financial institution can match. This document reflects our interest in establishing a partnership and the strong commitment of our team.

 PER:
Sherry Henderson
Branch Manager
Servus Credit Union, Lacombe
4920 5 Ave Lacombe AB T4L2K3
Transit 21629-899
Telephone: 403.782.3387
Fax: 403.782.5511
sherry.henderson@servus.ca

Accepted on behalf of the City of Lacombe by the following authorized signing officers,

By: _____
Title: _____

Date _____

By: _____
Title: _____

Date _____



5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members
FROM: Michael Minchin, Administrator
DATE: April 3, 2013

RE: EVRAZ Service Request

REF: 47/154
(2013)

Further to the email sent to Commission Board members on March 3rd the Commission received a request from Evraz Inc. which is located north of the Chiles Industrial Park. Evraz is looking to expand its pipe milling production center and is in need of additional water. Currently, Evraz is trucking most of the water to their site. Their request and the daily volumes are included in the attached letter.

Evraz's plant is now located within the City of Red Deer boundaries. Prior to the most recent annexation, the plant was in Red Deer County. Location is an issue as the Commission has the ability to consider providing water to areas in Red Deer County but not the City.

I have sent Evraz to discuss their request with the City since any opposition from the City would preclude any consideration by the Commission. I have not heard back from Evraz on the status of those discussions.

The volumes being proposed are relatively minor however there are a number of conditions the Commission should consider as a precursor:

1. As this is a City customer, the Commission should make the agreement with the City and not the company which is consistent with all other supply agreements.
2. As this is a City customer, the water supplied would not be applied against the Commission's current water allotment from the City under the current supply agreement.
3. Evraz would be responsible for all engineering and construction costs including the Commission's administration and engineering review costs.
4. The current proposal is to supply the manufacturing process. Given the most recent fire at the plant, fire suppression may also be something that might be pursued by the company. A proper water estimate is critical.
5. The Commission would charge a rate higher than its current whole sale rate recognizing that this rate is subsidized by fixed administration fees by the two Counties. A blended average of the rates charged by the three urban municipalities would be a possible starting point.

6. There would be no further considerations to providing water service to other customers in the area. It should be noted that the City has considered buying this portion of the Commission's water line for future water service and as such that discussion should take place rather than providing ad hoc supply arrangement on a case by case basis.

The Commission has been waiting for the past two years for the City to make a formal request to acquire a portion of the regional line that lies within the City boundaries, presumably to provide distribution service to the north part of the City. As of today, the Commission has not received a formal request. The City has identified a one year timetable to complete the Area Structure Plan for these recently annexed lands. One would speculate that no acquisition will take place until that the plan is approved.

I received some comments from members over the last several weeks, but I am seeking a formal position from the Board so that it may be communicated back to the EVRAZ.



making the world stronger

Matt Goudy
North RD Regional Water Services

December 13, 2012

Re: Water Service for Evraz Red Deer Works

Matt, please find enclosed our official request for water service at our Evraz Red Deer Works.

- 1.) We require service at the following location:

EVRAZ Red Deer
Mailing Address:
P.O. Box 593
Red Deer, Alberta T4N 5G6

Physical Address:
27251 Township Road 391
Red Deer, Alberta T4N 5G6

- 2.) Our current water usage average is approximately 30-35 cubic meters per day. Expected future usage is 50-60 cubic meters per day. This anticipated increase is due to planned facility expansion.
- 3.) With your water supply we will have a reservoir and pumping system to hold incoming water as requested.

This request for water service is due to our current well water service not being able to supply enough water for the facility to operate year round (capped water usage). Currently we are required to haul water into the facility two months per year to supplement our well water shortfall. As well, the water quality from our well is causing severe operational delays due to mineral build up in our water cooling systems. Without the ability to tie into a clean reliable water source soon, the proposed \$7M facility expansion and 20 full time jobs will not be able to occur.

A map of our location and current well and reservoir location is marked. Also, the closest valve stand from your distribution system is also marked.

If you require a representative from Evraz to attend any meetings between yourself and the City of Red Deer to help expedite the process, I will be available.

Regards,

Mike Reid
Maintenance Superintendant – Alberta
(403) 923-1684 (Calgary)
mike.reid@evrazincna.com



**North Red Deer
Regional Water
Services
Commission**

5432 56th Avenue
Lacombe, Alberta T4L 1E9

Memorandum

TO: Commission Board Members

FROM: Michael Minchin, Administrator

DATE: April 4, 2013

RE: Agreement with City of Lacombe –
Operational and Administrative Services

REF: 47/117
(2013)

The agreement between the Commission and the City of Lacombe is due to expire on June 14, 2013. As part of clause 8.1 of the agreement, the Commission and the City are to enter into discussion about a possible extension of the agreement. Barring an extension, the Commission is free to examine other service providers.

This process has not yet started. Prior to commencing any negotiations, I believe the Commission should decide whether it desires to enter into a new agreement with the current provider or whether it wants to go out to market again.

As the head of the contractor, I am not in a position to provide that recommendation to the Board. This is a discussion that should be held first by the Board.

As such I have provided the attached agreement to assist in that discussion.

CONTRACT FOR SERVICES

BETWEEN

THE NORTH RED DEER RIVER WATER SERVICES COMMISSION
(the “Commission”)

and

THE TOWN OF LACOMBE
(the “Contractor”)

Effective June 15, 2010

TABLE OF CONTENTS

1.1	Definitions.....	1
1.2	Schedules	3
1.3	Revisions to Schedules	3

ARTICLE 2

SERVICES, APPOINTMENTS AND AUTHORIZATIONS

2.1	Services.....	3
2.2	Additional Services	3
2.3	Independent Contractor	3
2.4	Affiliates and Agents	4

ARTICLE 3

THE CONTRACTOR OBLIGATIONS

3.1	The Contractor's Services.....	4
3.2	The Contractor's Covenants	4
3.3	Insurance Requirements.....	5

ARTICLE 4

THE COMMISSION'S OBLIGATIONS

4.1	The Commission Responsibilities	6
4.2	Additional Instructions	6

ARTICLE 5

MUTUAL OBLIGATIONS

5.1	Provision of Information and Access.....	6
5.2	Records	7

ARTICLE 6

INDEMNIFICATION

6.1	Mutual Indemnification	7
6.2	Limitation on Liability	7
6.3	Exclusion of Liability	8

ARTICLE 7

PAYMENT FOR SERVICES

7.1	Obligation of The Commission.....	8
7.2	Goods and Services Tax	8
7.3	Invoices.....	8
7.4	Remittance	8

7.5	Disputes.....	9
7.6	Interest.....	9
7.7	Other Rights	9
7.8	Payment Schedule	9

ARTICLE 8

TERM AND TERMINATION

8.1	Term.....	9
8.2	Termination	10
8.3	Termination Consequences	10
8.4	Effect of Termination	10

ARTICLE 9

DISPUTE RESOLUTION

9.1	Disputes.....	11
9.2	Senior Officers	11
9.4	Continued Compliance	13
9.5	Costs.....	13

ARTICLE 10

CONFIDENTIALITY

10.2	Use of Confidential Information.....	13
10.3	Notice of Demands.....	13
10.4	Survival	14

ARTICLE 11

MISCELLANEOUS

11.1	Warranty	14
11.2	Entire Agreement	14
11.3	No Waiver.....	14
11.4	The Commission Designated Representative	14
11.5	Notice.....	15
11.6	Relief for Force Majeure	15
11.7	Amendments	15
11.8	Assignment.....	16
11.9	Enurement	16
11.10	Governing Law and Attornment.....	16

Schedules

Schedule "A" – SKETCH OF REGIONAL WATER LINE

Schedule “B” - OPERATIONAL LICENSE, ALBERTA ENVIRONMENT
Schedule “C - SERVICES AND MAINTENANCE DUTIES
Schedule “D” - RATES

CONTRACT FOR SERVICES

THIS AGREEMENT made effective as of the 15th day of June, 2010.

BETWEEN

THE NORTH RED DEER RIVER WATER SERVICES COMMISSION
(the "Commission")

- and -

THE TOWN OF LACOMBE, a municipal corporation
incorporated pursuant to the laws of the Province of Alberta
(the "Contractor")

RECITALS

WHEREAS the Commission has constructed a Regional Water System from the City of Red Deer to Ponoka serving the communities of the Town of Blackfalds, Town of Lacombe, Town of Ponoka, Lacombe County, and Ponoka County;

AND WHEREAS the Commission requires a contractor to provide administration and accounting services for the day to day operations of the Commission.

AND WHEREAS the Commission requires a contractor to provide services to meet the requirements of the conditions of its approval from Alberta Environment.

AND WHEREAS the Town of Lacombe is desirous to provide contract services to the Commission.

IN CONSIDERATION for the premises and the mutual covenants contained in this Agreement, the Parties hereto agree as follows:

ARTICLE 1 TERMINOLOGY

1.1 Definitions

For the purposes of this Agreement, including the recitals and Schedules to this Agreement, the following words and terms shall have the following meanings:

"**Agreement**" means this Contract for Services, together with the Schedules attached hereto, as amended, supplemented or replaced from time to time in accordance with the provisions hereof;

"**Arbitration Notice**" has the meaning given to it in Section 9.3 hereof;

"**Damages**" has the meaning given to it in Section 6.1 hereof;

"**Dispute**" has the meaning given to it in Section 9.1 hereof;

"**Fees**" means the fees identified in Section 7.1 hereof and in the Schedules payable by the Commission to the Contractor for the provision of Services;

"**Force Majeure**" means any cause which is beyond the reasonable control of the affected Party including, but not limited to, causes such as flood, earthquake, storm, lightning, fire, epidemic, war, explosion, riot, act of public enemy, act of civil or military authority, civil disturbance or disobedience, strike or other labour dispute, sabotage, restraint by court order, or the action or inaction of, or inability to obtain or renew approvals from, any governmental agency or authority;

"**GAAP**" means Canadian generally accepted accounting principles;

"**GST**" means the goods and services tax as provided for in the *Excise Tax Act* (Canada), as amended, or any successor or parallel legislation that imposes a tax on the recipient of goods or services supplied under this Agreement and any taxes or fees that may be imposed in replacement or substitution for, or in addition to, such taxes;

"**Indemnifying Party**" has the meaning given to it in Section 6.1 hereof;

"**License**" shall mean the operating approval issued to the Commission by Alberta Environment.

"**Member**" means a member of the Commission.

"**Operational Date**" means the date on which the Contractor assumes the operation of the Regional Water Line.

"**Prime Rate**" means the prime rate of interest established from time to time by the Royal Bank of Canada as the reference rate for Canadian dollar commercial loans in Canada;

"**Regional Water Line**" means the regional water system from the City of Red Deer to Ponoka. An outline sketch of the Regional Water Line is attached as "Schedule A" hereto.

"**Services**" means the services identified in the Schedules to be provided by the Contractor pursuant to this Agreement;

"**Water**" means the water treated by the City of Red Deer and supplied to the Commission.

“Water Customers” means the Town of Blackfalds, Town of Lacombe, Town of Ponoka, Lacombe County, Ponoka County and, where the context requires, their respective water customers.

"Wilful Misconduct" means, in respect of a Party, any act or omission by any of the directors, officers, agents or employees of such Party or by such Party at the direction of its affiliates, directors, officers, agents or employees having management responsibilities which is taken or omitted with knowledge or intent that injury or damage could reasonably be expected to result therefrom.

1.2 Schedules

The following schedules are attached to and incorporated into this Agreement:

Schedule "A" – SKETCH OF REGIONAL WATER LINE

Schedule “B” - OPERATIONAL LICENSE, ALBERTA ENVIRONMENT

Schedule “C - SERVICES AND MAINTENANCE DUTIES

Schedule “D” - RATES

1.3 Revisions to Schedules

The Schedules to this Agreement may be amended by the Parties in accordance with the terms of this Agreement. Schedules that are revised shall show the effective date of the revision and, upon revision, the Contractor shall forthwith provide the Commission a copy of each revised Schedule. This Agreement shall be automatically amended to include any revised Schedule as soon as it is provided by the Contractor to the Commission, or as otherwise agreed between the Parties.

ARTICLE 2 SERVICES, APPOINTMENTS AND AUTHORIZATIONS

2.1 Services

The Commission hereby retains the Contractor, and the Contractor agrees to be retained by the Commission, to provide to the Commission the Services in accordance with the terms and conditions of this Agreement.

2.2 Additional Services

The Parties may, by agreement in writing, provide that the Contractor is to provide services in addition to the Services described in this Agreement.

2.3 Independent Contractor

Except as otherwise specified herein, the Contractor is an independent contractor. All persons, if any, hired or employed by the Contractor to perform services hereunder shall be employees or agents of the Contractor and shall not be construed as employees or agents of the Commission in any respect.

2.4 Affiliates and Agents

The Commission acknowledges and agrees that Services provided hereunder may be provided by, through or under affiliates or agents of the Contractor.

ARTICLE 3 THE CONTRACTOR OBLIGATIONS

3.1 The Contractor's Services

The Contractor's objective is to provide general administration, financial management and maintenance and operational services to the Commission so as to provide a consistent, dependable supply of Water to the Water Customers. The Contractor shall provide the following general services:

- (a) General Administration Duties;
- (b) Budget and Financial Supervision;
- (c) Management of Line Crossings;
- (d) Communication with Member Municipalities and City of Red Deer;
- (e) Water Rate Calculation;
- (f) Emergency Service;
- (g) On Call Duties;
- (h) Water Conservation Management;
- (i) Operation and Maintenance of the Regional Water Line – includes meeting the requirements of the Commission Water Operating License (see "Schedule B").

Details of the foregoing services are described in "Schedule C".

3.2 The Contractor's Covenants

With respect to providing the Services under this Agreement, the Contractor covenants and agrees with the Commission to:

- (a) devote and cause its employees to devote reasonable commercial efforts and sufficient time, effort and attention as is reasonably required to ensure the proper discharge of the Contractor's obligations under this Agreement and to perform the Services with the degree of skill and care that is required by current, good and sound business, management and professional procedures and practices,

and conforming to or exceeding with generally accepted business, management and professional standards prevailing in Alberta at the time the Services are performed, to accomplish the objectives of this Agreement;

- (b) ensure that all of its employees who perform services under this agreement shall hold the necessary qualifications, evidence of which shall be provided to the Commission upon request. Following a change of personnel, the Contractor will provide evidence of the qualifications of the new staff within 30 days of their starting to provide services under this Agreement;
- (c) act in good faith toward the Commission;
- (d) comply with the reasonable requests of the Commission Designated Representative which may be made from time to time;
- (e) comply with all Laws, rules, regulations and orders of any legislative body or duly constituted authority having jurisdiction applicable to the Commission's business or the performance of the Services in accordance with this Agreement;
- (f) keep accurate and separate records and accounts in respect of the conduct of the Commission's' business and the performance of the Services under this Agreement in accordance with GAAP; and
- (g) otherwise perform its obligations under this Agreement in accordance with the terms and conditions contained herein.

3.3 Insurance Requirements

- (a) The Contractor shall maintain comprehensive general liability insurance coverage, including products liability insurance coverage, in an amount of not less than \$5,000,000 per occurrence or such other minimum coverage as the Commission may from time to time, acting reasonably, and upon reasonable notice to the Contractor, determine is appropriate. The policy of insurance shall:
 - (i) provide that the Commission is an additional insured;
 - (ii) contain cross-liability and severability of interest clauses;
 - (iii) set out the extent of coverage provided to the Contractor and all exclusions from such coverage; and
 - (iv) not be terminated except on 30 days' notice to the Commission.
- (b) The Commission shall maintain \$5,000,000.00 Comprehensive General Liability Insurance at its expense.

- (c) Each of the Parties shall, prior to the execution of this agreement and on the anniversary date of its execution thereafter, provide to the other Party, a certificate of insurance confirming the requirements set out above.

ARTICLE 4

THE COMMISSION'S OBLIGATIONS

4.1 The Commission Responsibilities

The Commission covenants and agrees with the Contractor to:

- (a) at all times designate one or more persons to act as the Commission Designated Representative for the purposes of this Agreement;
- (b) execute and deliver such documents and assurances and perform all acts as may be necessary to permit the Contractor to perform its duties and obligations hereunder, including but not limited to the Contractor's duties as set forth in this Agreement; and
- (c) execute and deliver such documents and assurances and perform all acts and obligations identified in this Agreement or the Schedules hereto, or as may be necessary to enable the Contractor to otherwise perform all of its obligations hereunder.

4.2 Additional Instructions

During the term of this Agreement, the Commission will furnish to the Contractor such additional instructions to supplement this Agreement as may be necessary for the performance of the Services and The Contractor's obligations hereunder. Such instructions shall be consistent with the intent of this Agreement and will be issued by the Commission Designated Representative with reasonable promptness as the circumstances may require.

ARTICLE 5

MUTUAL OBLIGATIONS

5.1 Provision of Information and Access

- (a) Both the Contractor and the Commission hereby agree to provide each other in a timely manner with sufficient information to facilitate the discharge of their respective duties hereunder. In particular, the parties will communicate on a daily basis as required with respect to routine operational issues. At the request of the Contractor, the Commission will provide the Contractor access to all facilities, equipment, officers, employees, agents and consultants of the Commission and the opportunity to do all things necessary or convenient in order to facilitate the provision of the Services.

- (b) Notwithstanding the generality of the foregoing, the Commission shall provide to the Contractor copies of all correspondence to or from itself from or to Water Customers in the Commission Service Area or from or to the Alberta Utilities Commission (AUC) relating to the duties and functions in relation to the Services to be performed by the Contractor hereunder and such other information as may be provided without violating applicable Law, and the Contractor shall provide to the Commission copies of all correspondence to or from itself from or to Water Customers of the Commission or from or to any other party relating to services provided hereunder.
- (c) Unless otherwise stated, the expenses incurred by the Party providing the information referred to in this Section will be paid by the Party receiving the information.

5.2 Records

Either Party shall be entitled to examine the accounts, books, logs, charts, records and other recorded data relating to the provision of Services (the "**Records**"), maintained by the other in order to verify any information provided from one Party to the other in connection with this agreement. Both parties shall maintain accurate Records in such a manner as to make available any data reasonably required to verify such information.

ARTICLE 6 INDEMNIFICATION

6.1 Mutual Indemnification

Each Party ("**Indemnifying Party**") agrees to indemnify and save harmless the other Party, its affiliates, directors, officers, agents or employees from and against all damages, losses, liabilities, claims, costs (including legal costs and reasonable staff costs), fines and penalties that are suffered or incurred by such other Party, its affiliates, directors, officers, agents or employees, which are in any way connected with this Agreement, including liability resulting from injury to or death of any person, or economic damages, which are caused by a breach by the Indemnifying Party of this Agreement, or by the negligence or Wilful Misconduct of the Indemnifying Party, its affiliates, directors, officers, agents or employees acting within the scope of their authority or employment ("**Damages**"), except that such indemnity shall be limited to an amount which is proportional to the percentage of fault of the Indemnifying Party, its affiliates, directors, officers, agents or employees, as agreed in writing by the Indemnifying Party or adjudicated by any court or arbitrator or arbitration tribunal having legal jurisdiction in respect thereof.

6.2 Limitation on Liability

Notwithstanding anything to the contrary contained herein, no Party to this Agreement nor its directors, officers, agents or employees will be liable to any other Party to this Agreement, its

directors, officers, agents or employees for any Damages suffered or incurred by such other Party, its directors, officers, agents or employees which are of an indirect or consequential nature ("**Indirect Damages**"), regardless of whether they arise in contract, tort or otherwise. Without limiting the generality of the foregoing, Indirect Damages will include loss of profits, loss of revenue, loss of production, loss of earnings, loss of contract, cost of capital, loss of any use of any facilities or property operated or owned by any Party and any other indirect or consequential loss or damage whatsoever which are in any way connected with this Agreement. Except to the extent that any Party to this Agreement is required to indemnify and save harmless any other Party to this Agreement, its directors, officers, agents or employees pursuant to Section 6.1, no Party to this Agreement nor any of its directors, officers, agents, or employees will be liable to any other Party to this Agreement for any damages, losses, liabilities, costs (including legal costs), fines, penalties or claims suffered or incurred by such other Party, its directors, officers, agents or employees, howsoever and whensoever caused, whether arising in contract, tort or otherwise, and each Party to this Agreement, for itself and as agent for its directors, officers, agents, and employees, hereby forever releases all other Parties to this Agreement, its directors, officers, agents, and employees from any liability and obligation in respect thereof.

6.3 Exclusion of Liability

For greater certainty and notwithstanding anything else in this Agreement, the Contractor shall not be liable for any damages to any party as a result of an interruption in water services to any member, which is due to causes beyond the control of the Contractor, such as water line breaks, equipment breakdown, or due to Force Majeure.

ARTICLE 7 PAYMENT FOR SERVICES

7.1 Obligation of The Commission

As consideration for the Contractor providing the Services in accordance with this agreement, the Commission shall pay to the Contractor the Fees as set out in Schedule "D".

7.2 Goods and Services Tax

Unless otherwise provided in this Agreement, the Fees shall be exclusive of any GST payable thereon and the Commission shall, in addition to the Fees payable, pay to the Contractor all amounts of GST imposed on the Contractor with respect to the Fees.

7.3 Invoices

The Contractor shall submit Monthly invoices to the Commission on or before the fifteenth (15th) calendar day following the Month in which the Services being invoiced have been provided.

7.4 Remittance

On or before the thirtieth (30th) calendar day of each Month, the Commission shall pay the Contractor the amount of the invoices rendered. If presentation of an invoice by the Contractor

is delayed after the date provided in Section 7.3, then the time for remittance by the Commission shall be extended correspondingly.

7.5 Disputes

Notwithstanding the provisions of this section, if either Party in good faith disputes the amount or any part of the amount payable under any invoice, the Commission shall remit the amount that is not disputed. The Party disputing the amount or any part of the amount payable shall immediately give notice of such dispute pursuant to the provisions of Article 9 hereof.

7.6 Interest

If the Commission fails to make payment of an invoice when due, interest shall be payable on the outstanding balance owing from time to time until paid at the Prime Rate plus two (2) percent per annum. In the event an error is discovered in any invoice rendered by the Contractor, an adjustment and payment therefore shall be made within thirty (30) days of such discovery, failing which interest at the Prime Rate shall be payable to the Party entitled to the payment.

7.7 Other Rights

Each Party reserves to itself all rights, set-off, counterclaims and other defences which it is or may be entitled to at law. These rights shall extend to any amounts for any Services performed, but which have not been reflected in an invoice.

7.8 Payment Schedule

The Fees in respect of the Services shall be invoiced on a Monthly basis in accordance with the rate which is listed for each Service in Schedule "D".

ARTICLE 8 TERM AND TERMINATION

8.1 Term

The Services will be provided to the Commission by the Contractor for a term of three (3) years, from June 15th, 2010 to June 14, 2013 (the "**Term**"). During the period from February 1, 2013 to March 31, 2013, the parties will negotiate in good faith using commercially reasonable efforts to complete a new Contract for Services to replace this Agreement and to become effective June 15, 2013.

Notwithstanding the foregoing the parties shall be entitled to discuss proposed changes to the terms and conditions of this Agreement from time to time during the currency of the Agreement.

In the event that the Parties are unable to negotiate a new contract to replace this Agreement, the Contractor will assist the Commission in the transition required for another party to provide the Services, and the Commission shall reimburse the Contractor for all reasonable costs and expenses, including but not limited to employee and agent time and related expenses incurred by the Contractor to assist the Commission in providing a smooth and timely transition for another party to provide the Services. The foregoing shall not be interpreted so as to prevent the

Commission from commencing negotiations with another party at any time respecting the provision of Services provided by the Contractor under this Agreement.

8.2 Termination

This Agreement shall otherwise terminate on (i) agreement by the Parties; or (ii) the termination of the provision of Services after the Term by either Party; or (iii) on 60 days' notice in writing by either Party. In the event that this Agreement terminates, each Party shall be released from all obligations under this Agreement; provided, however, that any rights, remedies or liabilities that exist or have accrued in favour of any Party shall survive termination, cancellation or expiration of this Agreement.

8.3 Termination Consequences

- (a) On the termination of this Agreement, and at the Commission's request and cost, the Contractor undertakes:
 - i. within a reasonable period of time after termination, to deliver up to the Commission all originals and copies of all correspondence, documents, papers and property belonging to the Commission which may be in the Contractor's possession or under its control; and
 - ii. to provide as complete and accurate an account as possible to the Commission in respect of the Services rendered hereunder within thirty (30) days of the date of termination of this Agreement.
- (b) On the termination of this Agreement, the Commission and the Contractor each undertake to pay to the other all sums which might be due to the other Party under a final accounting between the Parties. Any payments made which have been based on estimated accounts shall be without prejudice to the rights of the Parties under the final accounting between them.

8.4 Effect of Termination

Each Party's right of termination under Section 8.2 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be considered or deemed an election of remedies. Nothing in this Article shall limit or affect any other rights or causes of action that either the Contractor or the Commission may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

ARTICLE 9 DISPUTE RESOLUTION

9.1 Disputes

In the event of any dispute, claim, question or difference (a "**Dispute**") which arises with respect to this Agreement or its performance, enforcement, breach, termination or validity, such Dispute shall be resolved in accordance with this Article.

Either party may forward to the other a written statement of a Dispute and the recipient shall respond to that statement in writing within 10 working days thereafter.

9.2 Senior Officers

Should any Dispute not be resolved to the satisfaction of the Parties within ten (10) Business Days of the Dispute arising, either the Commission or the Contractor may submit to the other Party written notice of the Dispute with supporting documentation as to the circumstances leading to the Dispute ("**Notice of Dispute**"). Any Notice of Dispute will first be submitted to each of the Town's Chief Administrative Officer and to the Chairperson of the Commission (the "**Dispute Representatives**"). The Dispute Representatives will meet with a view to resolving the Dispute in accordance with the intent of this Agreement.

If the Dispute Representatives are successful in settling the Dispute, the settlement shall be reduced to writing and be binding on the Parties.

9.3 Arbitration

Failing resolution of all matters in Dispute by the Dispute Representatives within ten (10) Business Days following the submission of the Notice of Dispute to them, either Party may by written notice ("**Arbitration Notice**") delivered to the other Party, submit the Dispute to arbitration to be conducted, except to the extent modified by these provisions, in accordance with the *Arbitration Act* (Alberta), as in force on the date hereof based upon the following:

- (a) any arbitration proceedings shall take place in either Red Deer or Lacombe, Alberta as determined by the arbitrator having regard for maximizing convenience and minimizing costs;
- (b) the Parties will meet within ten (10) Business Days of the delivery of the Arbitration Notice, or if both Parties deliver a written notice within ten (10) Business Days of the date of delivery of the first notice to be delivered, to attempt to agree on a single arbitrator qualified by experience, education and training to determine the Dispute. If the Parties fail to meet or, otherwise are unable to agree on the selection of a single arbitrator within those ten (10) Business Days, then either: (i) the Parties shall agree to make a joint application to the Court of Queen's Bench of Alberta for an order appointing a single arbitrator qualified by experience, education and training to determine the Dispute; or (ii) each Party will select one arbitrator to be a member of an arbitration tribunal made up of three (3)

members. The two arbitrators so selected will, within ten (10) days following their selection, jointly appoint the third member of the arbitration tribunal. If the two arbitrators selected by the Parties are unable to agree on the selection of the third member of the arbitration tribunal within ten (10) days following their selection, those two arbitrators will request that the Alberta Arbitration & Mediation Association, or any successor body thereto, appoint the third member of the arbitration tribunal within ten (10) days following the request. Each arbitrator on the tribunal shall be qualified by education, training and experience to pass upon the particular matter to be decided. No member of the arbitration tribunal shall be a current or former director or officer or a current employee of either of the Parties or have a material interest in either of the Parties or in any matter that is the subject of the Dispute;

- (c) the third member of any arbitration tribunal, howsoever appointed, will be the chair of the arbitration tribunal;
- (d) the arbitrator(s) shall be instructed that time is of the essence in the arbitration proceedings. The single arbitrator or the arbitration tribunal, as the case may be, will proceed as soon as is practicable to hear and determine the Dispute, and will be directed by the Parties to provide a written decision resolving the Dispute within fifteen (15) days following the selection of the single arbitrator or the third member of the arbitration tribunal or such other date as may be agreed in writing by the Parties. The Parties will provide such assistance and information as may be reasonably necessary to enable the arbitrator or the arbitration tribunal, as the case may be, to determine the Dispute. Any decision of the single arbitrator or arbitration tribunal, as the case may be, other than for determinations relating to whether or not a Party's conduct constitutes gross negligence or Wilful Misconduct, shall be final and binding upon all Parties, with no right of appeal therefrom and subject to Section 9.5 below, shall deal with the question of costs of arbitration and all related matters. Any determination of the single arbitrator or arbitration tribunal relating to whether or not a Party's conduct constitutes gross negligence or Wilful Misconduct may be appealed by any Party to the Court of Queen's Bench of Alberta;
- (e) the arbitrator or arbitration tribunal will provide written reasons for the decision although the decision may be issued prior to providing those reasons. Written reasons for the decision will be provided as soon as possible, but implementation of and compliance with the decision will not be delayed pending the issuance of the reasons;
- (f) judgment upon any award of the arbitrator or the arbitration tribunal, as the case may be, may be entered in any Court having jurisdiction or application may be made to the Court for a judicial recognition of the award or an order of enforcement, as the case may be; and

- (g) all Disputes referred to arbitration (including the scope of the agreement to arbitrate, any statute of limitations, set-off claims, conflict of laws rules, tort claims and interest claims) shall be governed by the substantive law of Alberta.

9.4 Continued Compliance

While any Dispute is being resolved, the Parties will continue to perform all obligations under this Agreement with due diligence and will continue to comply with all terms of this Agreement.

9.5 Costs

Each Party shall be responsible for all costs, including legal costs incurred by it in resolving any Dispute under this Article provided however that the decision of the arbitrator or arbitration tribunal relating to costs shall deal with the fees and other costs of the arbitrator or arbitration tribunal as the case may be.

ARTICLE 10 CONFIDENTIALITY

10.1 Information is Confidential

All information provided to the Contractor by the Commission under this Agreement pertaining to or arising from the provision of Services or to servicing the Water Customers in accordance with this Agreement, will be considered confidential information and the Contractor shall take all reasonable precautions to ensure its directors, officers, employees, representatives, consultants and agents, and those of its affiliates (collectively "**Representatives**") do not, at any time disclose any of the Confidential Information to any other person without the prior written consent of the Commission. Such consent is not required to the extent that the Confidential Information is otherwise in the public domain or either of the parties is legally compelled to disclose such Confidential Information to a court or regulatory authority in the proper exercise of its jurisdiction, or otherwise legally compelled to disclose such Proprietary Information in accordance with the *Freedom of Information and Protection of Privacy Act* (Alberta), or any equivalent or replacement legislation.

The Contractor agrees that any Confidential Information provided by the Commission to the Contractor shall be maintained in data banks, computers or other information systems owned and operated by the Contractor or its agents or affiliates.

10.2 Use of Confidential Information

Confidential Information will not be used for any reason or purpose other than for the purposes of this Agreement.

10.3 Notice of Demands

The Contractor will provide prompt notice to the Commission of any demands by a governmental authority or third party to disclose or provide any Confidential Information, prior to making any such disclosure and so as to afford the Commission an opportunity to seek injunctive relief or protection from the need to disclose.

10.4 Survival

These confidentiality provisions will continue and survive for a period of two (2) years after the termination of this Agreement.

ARTICLE 11 MISCELLANEOUS

11.1 Warranty

Each of the Parties warrants to the other Party that:

- (a) it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and is duly registered or otherwise qualified to do business in each jurisdiction required to perform its obligations under this Agreement;
- (b) it has full corporate power and capacity to enter into and perform its obligations under this Agreement;
- (c) this Agreement has been duly authorized, executed and delivered by it and is a valid, legal and binding obligation on it enforceable against it in accordance with the terms of this Agreement, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to the equitable and statutory powers of the courts having jurisdiction; and
- (d) it is not bound by any contractual restriction prohibiting it from entering into and performing its obligations under this Agreement.

11.2 Entire Agreement

This Agreement contains the entire agreement and understanding between the Parties with regard to the matters contained herein. It merges, replaces and supersedes all prior agreements, commitments, representations, writings, and discussions between the Commission and the Contractor, whether oral or written, relating to the subject matter hereof.

11.3 No Waiver

No waiver by any Party of any default by the other under this Agreement shall operate as a waiver of any continuing or future default, whether of a like or different character.

11.4 The Commission Designated Representative

The person designated by the Commission to act as the Commission Designated Representative for purposes of administering this Agreement and engaging in discussions with the Contractor regarding performance under this Agreement is:

Commission Chairperson

Telephone: (403) 782-6666

Facsimile: (403) 782-5655

11.5 Notice

Other than as specified in any Schedule, any notice or other communication to be given under this Agreement must be in written form and may be given (i) by personal delivery, or (ii) by a form of secure telecommunication (such as FAX) which reproduces a writing at the point of reception. Any such notice or communication will be addressed to the attention of the addressee named below, and delivered to the address of the addressee or sent to the facsimile number of the addressee specified below:

- (a) for the Commission: **North Red Deer River Water Commission**

5432 – 56 Avenue
Lacombe, Alberta
T4L 1E9
Telephone: (403) 782-6666
Fax: (403) 782-5655

- (b) for the Contractor: **Town of Lacombe**

5432 - 56 Avenue
Lacombe, Alberta
T4L 1E9
Attention:
Email: mail@town.lacombe.ab.ca
Telephone: (403) 782-6666
Fax: (403) 782-5655

A Party may change its address for notice from time to time by giving written notice of such change to the other Party in accordance with this Section. Any request, notice, statement, invoice or other document made, given or delivered hereunder shall be sufficiently made, given or delivered hereunder if sent by facsimile or if delivered by hand to the addressee named above. If sent by facsimile, it shall be deemed to be received on the day of transmission if sent during the normal business hours of the recipient, failing which it shall be deemed to be received on the following business day.

11.6 Relief for Force Majeure

Notwithstanding anything else contained in this Agreement, neither Party will be considered to be in default in the performance of any of its obligations under this Agreement where such failure to perform is due to an event of Force Majeure.

11.7 Amendments

This Agreement may not be modified, altered or amended except by an instrument in writing signed by each of the Parties.

11.8 Assignment

- (a) Neither Party may assign all or part of its interest in this Agreement to any other Person without the prior written consent of the other Party.
- (b) In the event of an assignment by the Contractor, the Contractor shall be released from all of its obligations pursuant to this Agreement.

11.9 Enurement

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

11.10 Governing Law and Attornment

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

This Agreement has been executed by the Parties with effect as of the 15th day of June, 2010.

NORTH RED DEER RIVER WATER COMMISSION

Per: _____

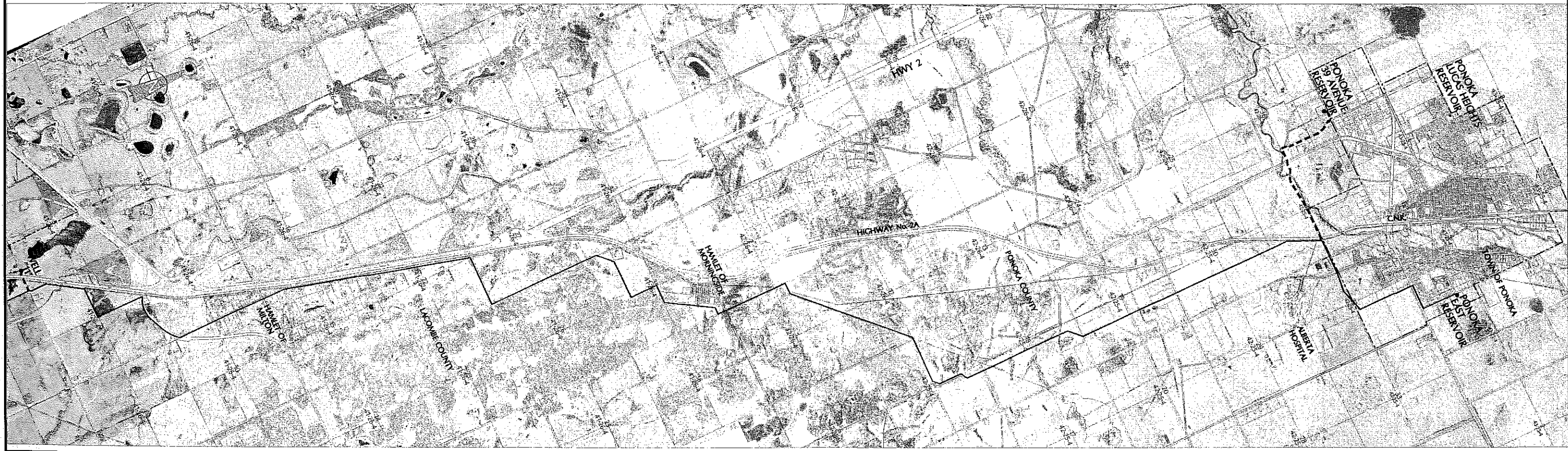
Per: _____

TOWN OF LACOMBE

Per: _____

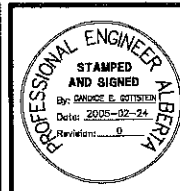
Per: _____

SCHEDULE "A"
REGIONAL WATER LINE



No.	DATE	REVISION	BY	APP.
2	08/03/24	RECORD DRAWING	C.J.	B.B.
1	05/04/05	CONSTRUCTION ISSUE	W.W.	B.B.
D	05/02/24	BID ISSUE	W.W.	B.B.
A	04/12/20	PRELIMINARY ISSUE	W.W.	B.B.

PROJECT No.	033333	INITIALS	DATE
DRAWN BY	W. WONG		
DESIGNED BY	C.G. / C.M		
CHECKED BY	K. CH'NG		
APPROVED BY	B. BIRCH		
APPROVED BY			
SCALE	1:30,000		



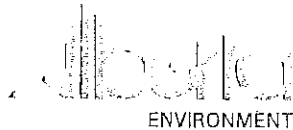
PERMIT TO PRACTICE
 ASSOCIATED ENGINEERING ALBERTA LTD.
 PERMIT NUMBER, P3978
 STAMPED AND SIGNED
 By : BLAIR S. BIRCH
 Date : 2005-02-24
 Revision : 0

ASSOCIATED ENGINEERING

**NORTH RED DEER RIVER
 WATER SERVICES COMMISSION**
 ALBERTA
 PROJECT
 WATER TRANSMISSION PIPELINE
 CONTRACT No. 3

OVERALL LOCATION PLAN		
DRAWING NUMBER	REV. NO.	SHEET
3333-3-101	2	1
		66

SCHEDULE “B”
OPERATIONAL LICENSE
ALBERTA ENVIRONMENT



REGIONAL SERVICES
Central Region

304, Provincial Building
4920-51 Street
Red Deer AB T4N 6K8

Fax: (403) 340-7662
Phone: (403) 340-7052

2006 08 03

File: 00189571

North Red Deer River Water Services Commission
c/o Town of Lacombe
5432 - 56 Avenue
Lacombe, Alberta
T4L 1E9

Attention: John Van Doesburg

Dear Mr. Van Doesburg:

RE: Application under the *Water Act* for a *Licence* to
divert water
Municipal (urban water supply) Purposes
Red Deer River - NE 17-038-27-W4 Re-diverted at SW 3-039-27-W4

Receipt is acknowledged of the \$1620.00 licence fee in connection with the 13,391,000 cubic metres of water allocation. Enclosed is *Licence No. 00189571-00-00*, issued to the North Red Deer River Water Services Commission for the diversion of water from the Red Deer River through the works of the City of Red Deer. Please note the conditions of the above document carefully.

The *Water Act* provides a right to appeal this decision. Notice of objection must be submitted no later than 30 days after receipt of this decision. Please direct your notice to:

Chair
Environmental Appeal Board
3rd Floor, Peace Hills Trust Tower
10011 - 109 Street
Edmonton, Alberta, T5J 3S8

Please note that even though the water is diverted through the works of City of Red Deer, the water allocation is based on natural flows (unregulated flows) in the Red Deer River, therefore you should be aware of how Alberta Environment manages the water in the Red Deer River System. Water is stored in the Dickson Dam at times when natural flows in the river exceeds the requirements of prior licenced projects, riparian needs and interprovincial apportionment commitments. The operation of the Dickson Dam is managed as outlined in the *Dickson Reservoir Flow Regulation Manual*. Releases of water stored in the reservoir may benefit your project.

Additionally, the annual water allocation granted includes an amount of 3,729,000 cubic metres for the four First Nations. If and when any of those First Nations has made a final decision not to obtain water through the Commission, the water allocation granted will be reduced accordingly.

LICENCE TO DIVERT WATER
PROVINCE OF ALBERTA
WATER ACT, R.S.A. 2000, c.W-3, as amended

LICENCE NO.: 00189571-00-00

FILE NO.: 00189571

PRIORITY NO.: 2001-10-01-001

EFFECTIVE DATE: 2006 08 03

EXPIRY DATE: 2031 08 02

SOURCE OF WATER: Red Deer River

POINT OF DIVERSION: NE 17-038-27-W4 through the works of City of Red Deer (File: 298)

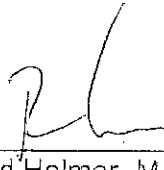
LICENSEE: North Red Deer River Water Services Commission

Pursuant to Division 2, of Part 4, of the *Water Act*, R.S.A. 2000, c.W-3, as amended and the South Saskatchewan Basin Water Allocation Regulation, a licence is issued to the Licensee to:

operate a works and to divert up to 13,391,000 cubic metres of water annually at a maximum rate of diversion of 0.54 cubic metres per second from the *Source of Water* for the purpose(s) of Municipal (urban water supply)

subject to the attached terms and conditions.

Designated Director under the Act: _____


David Helmer, M.Sc., P.Eng.
District Approvals Manager

Date Signed: 2006 08 03

DEFINITIONS

- 1.0 All definitions from the Act and the Regulations apply except where expressly defined in this licence.
- 1.1 In all parts of this licence:
- (a) "Act" means the Water Act, RSA 2000, c. W-3, as amended;
 - (b) "Application" means the written submissions to the Director in respect of application number 001-00189571;
 - (c) "Director" means an employee of the Government of Alberta designated as a Director under the Act;
 - (d) "Point(s) of diversion" means the location(s) where water is diverted from the source of water;
 - (e) "Point of use" means the location(s) in which the diverted water is used by the Licensee for the licenced purpose;
 - (f) "Regulations" means the regulations, as amended, enacted under the authority of the Act.
 - (g) "Commission" means the North Red Deer River Water Services Commission.

GENERAL

- 2.0 The Licensee shall immediately report to the Director by telephone any contravention of the terms and conditions of this licence at 1-780-422-4505.
- 2.1 The terms and conditions of this licence are severable. If any term or condition of this licence is held invalid, the application of such term or condition to other circumstances and the remainder of this licence shall not be affected thereby.

DIVERSION OF WATER

- 3.0 This licence is appurtenant to the following:
- (a) NE 17-038-27-W4
- 3.1 The Licensee shall divert water only for the purpose(s) specified in this licence.
- 3.2 The Licensee shall divert water only from the source of water specified in this licence.
- 3.3 The Licensee shall divert water only from the following point(s) of diversion:
- (a) NE 17-038-27-W4 (through the works of City of Red Deer) re-diverted at SW 3-039-27-W4
- 3.4 This licence is subject to the Water Supply Agreement between the Commission and City of Red Deer dated October 25, 2004.

SCHEDULE “C”
SERVICES AND MAINTENANCE DUTIES

To further clarify the responsibilities of the Contractor in the services to be provided to the Commission as outlined in Section 3.1, the Contractor, as part of its duties, obligations and responsibilities shall:

1. General Administration Duties

The Contractor shall provide the following general administration and support for the Commission:

- a. Commission Administration
 - i. Create meeting agendas for Commission meetings;
 - ii. Oversee preparation of Commission meeting minutes and bylaws
 - iii. Policy Administration
 - 1. Operational
 - 2. Financial
 - 3. Governance
 - iv. File returns and reports to the Province of Alberta including all annual financial and operating reports required by Alberta Municipal Affairs in accordance with the Department's guidelines and the provisions of the Municipal Government Act, R.S.A, c.M-26.
 - v. General records management duties for the Commission
 - vi. Customer Service and Inquiries
- b. Insurance & Risk Management
 - i. Administration of General Liability Insurance Policy
 - ii. Administration of Property & Fire Insurance Policy
 - iii. Administration of Board Liability Insurance Policy
- c. Coordination of Service Agreements including all third party contracts on behalf of the Commission including for example contracts with consultant engineering, legal counsel, and telephone, electrical and natural gas supply contracts.

Where directed by the Commission, the Contractor will also undertake any issuance for request for proposals or invitation for tenders for any service required by the Commission.

d. Office and Information Systems Support

The Contractor shall be responsible for providing office and information systems resources in support of providing services to the Commission. These services include:

- i. Office Space
- ii. Accounting Software and all desktop computers
- iii. Internet access
- iv. IT Support for two SCADA system laptops owned by the Commission.

2. Budget and Financial Supervision

The Contractor shall be responsible for budget and financial supervision duties in the following areas:

a. Preparation of Budgets

i. Operating & Capital Budget

The Contractor will ensure that the Commission's Annual Operating Budget and Annual Capital Budget are prepared for Commission's consideration in accordance with the Municipal Government Act, RSA, c. M-26.

ii. Multi-Year Capital

The Contractor will also develop long term Multi-Year Capital Plan to address Capital Asset replacement and service expansion needs.

b. Bookkeeping Functions

i. Vendor Invoices

The Contractor will review, approve, and submit payment for all vendor invoices of the Commission in accordance with the Commission's Purchasing and Expenditure Policies.

ii. Customer Invoices

The Contractor will prepare and issue all customer invoices to member municipalities and other customers as required. The Town will also collect payment for all invoices.

iii. Goods and Services Tax (GST)

The Contractor will maintain the Commissions' GST account and will complete all semi-annual reporting and remittances as required by Canada Revenue Agency.

iv. Payroll

The Contractor will complete and submit any necessary payroll remittances and reporting as required by Canada Revenue Agency.

c. Bank Reconciliation

The Contractor will maintain the Commissions' bank accounts and conduct monthly bank reconciliations in a timely manner.

d. Quarterly Financial Statements

The Contractor will ensure that the Commission receive quarterly financial statements and administration reports at its quarterly board meetings.

e. Annual Financial Statements and Financial Information Return

The Contractor will ensure that the annual Financial Information Return (FIR) and the annual financial statements are prepared in final form in accordance with generally accepted accounting principles and any other required regulations, as required in the current audit engagement contract.

The Contractor will submit the completed FIR and annual financial statements to the Commissions' appointed auditor for preparation of the auditor's report in accordance with the guidelines outlined in the Municipal Government Act, RSA 2000, c. M-26.

f. Annual Audit

The Contractor will liaise with the Commissions' appointed auditor to ensure that the annual audit is conducted in an efficient and effective manner as in accordance with the guidelines outlined in the Municipal Government Act, RSA 2000, c. M-26.

The Contractor will be responsible for the internal controls for the Commission and will work with other Town staff providing financial services to ensure that policies and procedures are followed.

3. Management of Line Crossings

The Contractor will work diligently to ensure the Commission's infrastructure is protected when other utilities cross or parallel the line. The Contractor will be responsible for the following areas:

a. Coordination of Utility Alignments

- b. Maintain and Update Drawings/Records including electronic formats

4. Communicate with Members & City of Red Deer

The Contractor will provide the following communication services:

- a. Meet with member municipalities to determine future water consumption forecasts.
- b. Meet with City of Red Deer to review annual rate structures.
- c. Communicate rate structure and any changes thereof to member municipalities.
- d. Meeting with Member Municipalities
When directed by the Commission, the Contractor will attend any member municipality's council or committee meetings to address any service issues or to explain the Commission's water rates.

5. Water Rate Calculations

The Contractor will provide the following water rate calculation services to the Commission:

- a. Review annual rate submission from the City of Red Deer and their supporting detail and ensure the rates have been prepared in accordance with the Utility Rate Model as outlined by the American Water Works Association and the Public Utilities Board.
- b. Develop water rates annually, based on expected water volume sales, operating costs, and required capital expenditures of the Commission in accordance with the Cash Rate Model or any other model approved by the Commission.
- c. Provide recommendations to the Commission on water rate policies.

6. Emergency Services

Emergency services would be provided by as required during on call hours. Emergency services would include:

- a. Respond to requests from member municipalities in the event of a water shortage or service interruptions.
- b. Respond to any water quality or contamination issues.
- c. Provide notification and coordinate with other member communities, the Commission, and the City of Red Deer.

7. On Call Duties

The Town shall provide twenty-four (24) hour a day, 365 a year on call coverage as required by qualified water operators.

If required, call outs of management level staff will be provided on an hourly basis for any after hours (hours outside of 8 am to 5 pm – Monday to Friday and excluding statutory holidays) situations that require managements immediate attention. These hours will be billed out as identified in “Schedule D”

8. Water Conservation Management

The Contractor will provide the following water conservation management services to the Commission:

- a. Develop a Public Awareness & Education campaign in coordination with other member Communities
- b. Develop rate structures that encourage water conservation
- c. Investigate the Commission’s infrastructure to identify any opportunities to minimize water loss and track unaccounted for water

9. Operation and Maintenance of the Regional Line

The Contractor will provide the following Operation & Maintenance services:

- a. Daily Operational Requirements.
 - i. Respond to Locate Requests.
 - ii. Be responsible for the operation, maintenance and repair of all of the Commission Regional Water System and any lateral systems.
 - iii. Provide day-to-day supervision of the operation of the Commission Regional Water System.
 - iv. Provide preventive maintenance to ensure continuous and satisfactory service to all customers.
 - v. Co-ordinate with the Commission’s consulting engineers and the Commission’s management for effective operation and maintenance of the Commission’s Regional Water System.

- vi. Engage such contractors as necessary to assist with the repair and maintenance of the Regional Water System.
- vii. Consult with the Commission's consulting engineers on matters of maintenance, repair and service connections.
- viii. Provide regular and on-call personnel to respond to all routine and emergency requirements and co-ordinate remedial action.
- ix. Coordinate and perform the scheduled maintenance and operations as outlined and detailed in the operating manuals for the Commission as prepared by the consulting engineer for the Commission.
- x. Establish a list of contractors for the specialty repair or services for the following:
 - 1. Repair of water line breaks
 - 2. Repair of instrumentation and controls;
 - 3. Repair of mechanical piping, building services and pumping; and
 - 4. Cathodic protection inspection.
- xi. Conduct in-house training on operations, safety, and housekeeping to ensure an efficient and physically attractive site operation.

b. Weekly Operational Requirements

i. Weekly Inspections

Inspection of the Regional Water System will be carried out once a week in accordance with the Commission's operating manuals.

ii. Weekly Water Samples

Water samples are collected along the line from Ponoka to Red Deer. These water samples are tested for quality assurance and system integrity.

Nine tests are taken to determine residual chlorine at key locations along the line.

iii. Records Management

Records/logs will be kept to maintain a database of test results and line inspections. These records will be kept in a secure location, and will be available to the Commission whenever required.

Provide operational reports to Alberta Environment as required.

c. Monthly Operational Requirements

i. Month End Readings

Readings are taken at month's end to determine water demand at each of nine stations. A tenth reading is taken at the meter vault in Red Deer so the results can be compared for accuracy.

ii. Monthly Reporting

Provide monthly reports to the Commission related to operational details. Recommend system improvements and policies that would be a betterment to the Commission's operations.

Attend Commission meetings at the request of the Commission.

d. Yearly Operational Requirements

i. Year End Reports

As per Alberta Environment regulations, the Commission must submit and maintain records of the following reports:

- Monthly reports for each month of the year
- Sampling records, including location, date, and results
- THM chemical analysis reports

The Contractor will prepare these reports and ensure their compliance with applicable legislation from both Alberta Environment and the Canadian Environmental Protection Agency

ii. Distribution License

The Contractor will ensure that the Commissions Distribution license registration number from Alberta Environment is current and that the all

activities engaged in the Commission or its contracted services fall within the guidelines of the license.

The Contractor will ensure that any new or renewal applications required to keep the license current are completed prior to expiration of the current license.

SCHEDULE “D”**RATES**

In consideration for the services provided by the Contractor to the Commission, the Commission agrees to pay the following for said services provided:

	Contract Year		
	June 15	June 15	June 15
	2010	2011	2012
	June 14	June 14	June 14
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Monthly Charges*			
Section 3.1(a) General Administration Duties			
(c) Management of Line Crossings			
(d) Communications			
(e) Water Rate Calculations			
(h) Water Conservation			
Subtotal	\$3,429	\$3,600	\$3,780
Section 3.1 (b) Budget and Financial Supervision			
Subtotal	\$500	\$525	\$551
*All charges are billed monthly at the above flat rate.			
Operation Hourly Charges			
Section 3.1(i) Operational & Maintenance			
Operations Manager	\$49/hr	\$51.50/hr	\$54/hr
Operations Supervisor	\$49/hr	\$51.50/hr	\$54/hr
Utility Operator	\$25/hr	\$26.25/hr	\$27.50/hr
On-Call Charges	\$4/hr	\$4/hr	\$4/hr
½ Ton Truck	\$11.87/hr	\$12.46/hr	\$13.08/hr

Ancillary Charges

On Call – Cell Phone - Billed out at Cost

Section 3.1 (f) Emergency Services (Administration Staff only)

After Hour Rate	\$57/hr	\$59.85/hr	\$62.84/hr
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All prices are exclusive of GST. GST will be added at time of billing.