

Condominium Corporation No. 9710379

(in this policy called “Square Butte”)

Water Use and Cost Recovery/Billing Policy

WHEREAS:

A. Square Butte is required, under subsection 6(b) of its current By-Laws, as amended effective September 13, 2018, to ensure that there is at all times a reasonable supply of potable water and is further required under subsection 6(h) of its current By-Laws to establish, maintain and administer a domestic water distribution policy in order to do so;

B. Square Butte is currently experiencing, and has in the recent past experienced, a shortage of acceptable water due to a variety of causes related to its existing wells such that it is currently necessary to adopt a water use and related billing policy ("**Policy**") that both encourages wise, economical and environmentally proper use of existing water resources and makes a fair allocation of costs associated with excess water use;

C. Square Butte is permitted, under subsection 6(j) of its current By-Laws to provide a billing system that (i) encourages conservation of the existing water resources; and (ii) allocates the costs of providing a reasonable supply of potable water between fixed costs related to the on-site water treatment facility and variable costs related to the supply of water;

D. Square Butte is further permitted, under subsection 6(j) of its current By-Laws, to bill any Unit in respect of excess use of internally sourced water supplies or externally sourced water supplies.

E. Capitalized terms not defined in this Policy will have the meaning given to them by the By-Laws of Square Butte.

Effective Date

This Policy will become effective upon its adoption by the Board of Directors;

Notice

For purposes of this Policy, notice is adequately given if directly delivered to a Unit (or to such other physical address in the Greater Calgary Area as is provided by the Unit's owner) or if indirectly delivered by fax, email or other electronic means to such number or address as is commonly used by Square Butte for communications with such owner. An owner of a Unit which does not provide a delivery alternative will be considered to have agreed to delivery of notice by ordinary mail to such owner's Unit.

Normal Monthly Costs

No Unit will be assessed water-related costs, fixed or variable, that do not exceed an allocation (the “**Basic Allocation**”) of such costs to the Unit as are included in the applicable annual operating budget of Square Butte. The Basic Allocation will be set by the Board of Directors (the “**Board**”) from time to time on a calendar month basis and will continue at the rate so set for each subsequent month until changed by the Board. Any change to the Basic Allocation for a period will take effect at the end of the month following month in which the Board gives notice of such change.

Surplus Monthly Usage (User Pay) Costs

The following provisions apply to any water consumption in any month that exceeds the amount of internally sourced or retained water (“**Available Water**”) applicable to that month (the “**Surplus Usage**”):

(a) It is not the intent of this Policy to limit the consumption of Available Water by way of a cap or ceiling in ordinary circumstances. Rather Unit owners will be assessed monthly for their ratable contribution to the cost of Surplus Usage of Available Water for that month.

(b) The cost of any Surplus Usage consumed by a Unit in a month will be assessed and billed to the Unit's owner in an amount determined by the Board from time to time for such purpose. The Board will, in determining the cost of Surplus Usage for a month consider, among any other material things, (i) the cost of trucking water into Square Butte, (ii) the costs of any inspections and testing, if applicable the cost of bringing into operation any unused or additional wells and the cost of repairs or renovations to existing wells resulting from Available Water being excessively depleted, as well as an allowance for any increase in related administrative costs.

(c) The Board will determine the allocation of the cost of Surplus Usage for a month based on the extent to which the water consumption of any Unit exceeds the Unit's ratable share of Available Water. For example, if a Unit's monthly contribution, based on consumption in excess of its ratable share of Available Water for that month, to Surplus Usage was 10% of such Surplus Usage, the owner of that Unit would be assessed and charged 10% of the cost of Surplus Usage for that month. See Appendix A for an example.

(d) Each Unit will be allocated its ratable contribution (if any) to the cost of Surplus Usage for a month in the month following and will assessed and billed such amount as part of its assessed contribution to common costs in the month following assessment. For example, the ratable contribution to the cost of any Surplus Usage in month 1 will be allocated and assessed in month 2 and will be payable in month 3. If for any reason the costs of Surplus Usage for a month are not billed on a timely basis as set out in this paragraph, they will be carried forward and made part of a subsequent assessment as required.

(e) Simple interest will accrue and be payable on any portion of an assessment for Surplus Usage that remains unpaid after the date payment was due at the rate of interest equal to the prime rate of interest in effect at the main office of the National Bank of Canada in Calgary plus 4% per annum.

Emergency Water Restrictions and Cost Allocations

Notwithstanding anything set out above, including that the intent of this Policy is not to limit water consumption but rather to provide a mechanism for recovering the costs of Surplus Usage, if the Board, acting reasonably, determines that, due to drought, systemic lack of water resources or any other cause, the Available Water from the existing wells is, or may shortly become, inadequate to meet the needs of all of the Units that require water supplies, it may:

- direct that water in excess of Available Water will not be delivered to any of the Units for a period of time specified by the Board; or
- reduce or increase the Basic Allocation of costs from time to time as necessary in order to properly manage the cost and availability of the water resources of Square Butte;

In the event of any such limitation, and to the extent that it is practical to do so in the circumstances, the Board will give each of the affected owners notice of the proposed restriction in the manner set out above;

It is acknowledged that there will be times when there is very little time available to give notice, such that whatever notice is possible will be given.

Review

This policy will be reviewed from time to time and will be varied as needed to reflect the then current state of the water resources of Square Butte.

Effective Date

This Policy has been adopted by the Board of Directors as of June 1, 2019.

APPENDIX "A"

EXAMPLE OF THE ALLOCATION OF THE COST OF SURPLUS USAGE OF AVAILABLE WATER FOR A MONTH

ASSUMPTIONS:

Available Water for the Month per Owner Unit: 5 cubic meters

Usage by Owner A: 4 cubic meters

Usage by Owner B: 6 cubic meters

Surplus Usage of Available Water by all Owners for the Month: 20 cubic meters

Costs in excess of Basic Allocation: \$2,500 for trucked in water

BILLED COST RECOVERY:

Owner A has not exceeded his share of Available Water for the month. He will not be allocated any costs of Surplus Usage since he did not contribute to them.

Owner B has exceeded his share of Available Water and has thus contributed to Surplus Usage. His contribution was 1 cubic meter out of 20 cubic meters or 5%. He will be assessed 5% of the cost of the Surplus Usage for the month or 5% of \$2,500 or \$125.00.

In a given month, due to low usage by owners in general, there may be no Surplus Usage and therefore no related trucked in water costs. In such circumstances, no amount will be allocated to an owner who exceeds his share of Available Water.