

UTILITY SYSTEM TRANSFER AGREEMENT

THIS AGREEMENT dated for reference December 23, 2022, is

BETWEEN:

REGIONAL DISTRICT OF OKANAGAN-SIMILKAMEEN

Address for Delivery: 101 Martin Street, Penticton, B.C., V2A 5J9

Contact Person: Jim Zaffino, Chief Administrative Officer

Email Address: jzaffino@rdos.bc.ca

("RDOS")

AND:

SAGE MESA WATER & PUBLIC SERVICE CO. LTD. (Inc. No. BC0057157)

303 – 86 Lakeshore Drive East Penticton, B.C., V2A 1B5

Address for Delivery: 303 – 86 Lakeshore Drive East Penticton, B.C., V2A 1B5

Contact Person: **Mary Kathleen Chapman**

Email Address: sagemesawater.co@gmail.com

("Company")

GIVEN THAT:

- A. The Company owns a domestic water system located within the boundaries of the RDOS as shown generally on the map attached as Schedule A (collectively, the "**Utility System**").
- B. Pursuant to an order of the Deputy Comptroller of Water Rights issued June 27, 1990, under the *Utilities Commission Act* (the "**Order**"), the Comptroller of Water Rights (the "**Comptroller**") seized and took possession of the Company's business, property, records, offices and facilities. The Comptroller has been operating and managing the Company since the Order was made, and all operations of the Utility System have been managed by the Comptroller.
- C. The RDOS wishes to acquire the Utility System assets on an as is, where is basis, and incorporate those assets as part of an RDOS water service, and the Company and the RDOS wish to enter into this Agreement to provide for the transfer of the Utility System to the RDOS. This transfer will qualify the Utility System for government grant funding to assist with system upgrades to meet Provincial drinking water standards, adequate fire flows, and supply capacity as per the 2018 OCP.

THIS AGREEMENT IS EVIDENCE THAT in consideration of the promises exchanged below, and of the payment of \$1.00 by the RDOS to the Company (the receipt and sufficiency of which the Company acknowledges), the Company and the RDOS covenant as follows:

Sale & Transfer of Utility System

1. On the terms and conditions of this Agreement, the Company shall sell, assign, transfer and set over to the RDOS, and the RDOS shall purchase from the Company, all of the Company's rights, title and interest in and to the following property and assets:
 - (a) all buildings, improvements, works, machinery and equipment in any way related to or associated with the Utility System, including as described in Schedule B;
 - (b) all easements, rights of way, licenses, permits, railway crossing agreements, encroachment agreements and other interests and agreements under which any part of the Utility System is permitted to be located or operated or as is otherwise necessary for the operation of the Utility System, including as listed in Schedule C;
 - (c) all funds held in the reserve funds, if any, listed in Schedule D (the "Reserve Funds"); and
 - (d) any property of any kind whatsoever, real or personal, wheresoever located, pertaining to or in any way related to or associated with the Utility System that is identified for acquisition by the RDOS pursuant to the terms of this Agreement.

In this Agreement, the term "**Assets**" refers to the assets and property to be transferred as identified under this section.

Purchase Price

2. On the Completion Date, the RDOS shall pay \$1.00 (the "**Purchase Price**") to the Company as consideration for the sale, transfer and assignment of the Utility System under this Agreement. In addition to this payment, following execution of this Agreement the RDOS shall pay up to \$2,000 to the Company for the purposes of the Company obtaining an insurance policy as deemed necessary by the Company's director,.

Company Obligations Before Completion

3. From and after the execution of this Agreement until the Completion Date, the Company covenants to:
 - (a) not sell, transfer, dispose of, or mortgage, pledge, charge, subject to lien, grant a security interest in or otherwise encumber, the Utility System or the Assets in whole or in part;
 - (b) use all reasonable best efforts to obtain any third-party consent or approval necessary for the transfer and assignment of the Assets to the RDOS;
 - (c) subject to the restrictions on the ability of the Company to do so pursuant to the Order, permit the RDOS, its employees, agents and contractors, to have access during normal business hours to the Utility System and the Assets and to all plans, drawings, specifications, operating manuals, books, accounts, data, records and other documents and material pertaining to the Utility System or the Assets and the operation, maintenance and repair thereof; and

- (d) subject to the restrictions on the ability of the Company to do so pursuant to the Order, permit the RDOS, its employees, agents and contractors to make inspections, surveys, tests and studies of the Assets.
4. Within 21 days following the date of execution of this Agreement, and from time to time following notice from the RDOS, the Company shall, subject to the Order, deliver to the RDOS copies, in electronic format where available, of all plans, drawings, specifications, operating manuals, books, accounts, data, records and other documents and material pertaining to the Utility System or the Assets that are in the Company's possession or control (with the RDOS acknowledging that as a result of the Order some or all Utility System documents may be held by the Comptroller).

Timing of Transfer

5. The date for completion of the transfer of the Assets to the RDOS (the "**Completion Date**") shall be the day that is 28 days following the date that all of the conditions precedent under this Agreement are satisfied or waived or, if that day is not a business day, the next following business day.

Free and Clear Transfer

6. On the Completion Date, the Company shall transfer, convey, assign and set over to the RDOS all of the Company's rights, title and interest in and to the Assets, free and clear of all liens, claims, charges and encumbrances.

Closing Documents

7. On or before the Completion Date:
- (a) The Company shall, as directed by the RDOS, deliver to the RDOS or the solicitors for the RDOS, the following documents, each executed by the Company and, where applicable, in a form registrable in the land title office:
 - i. an assignment or assignments registrable in the land title office with respect to any Assets that are interests in land registered in the land title office (the "LTO Assignments");
 - ii. a general conveyance, assignment and transfer of all Assets;
 - iii. a certified cheque payable to the RDOS in an amount equal to the amount of funds held in the Reserve Funds, unless the Comptroller requires that such funds be paid directly from the Comptroller to the RDOS;
 - iv. a statutory declaration of a director of the Company certifying that the Company is not a "non-resident" within the meaning of the *Income Tax Act* (Canada);

- v. certified copies of resolutions of the shareholders and directors of the Company authorizing the execution, delivery and implementation of this Agreement and of all documents to be delivered by the Company under this Agreement;
 - vi. a certificate of a director of the Company certifying, without personal liability, that to the best of the director's knowledge all of the Company's representations and warranties in this Agreement are true as at the Completion Date and
 - vii. such further deeds, acts, things, bills of sale, transfers, assignments, certificates and assurances as may be requisite in the reasonable opinion of the RDOS' solicitor for more perfectly and absolutely assigning, transferring, conveying and assuring to and vesting in the RDOS, good and marketable title to the Assets, free and clear of all liens, claims, charges and encumbrances, immediately registerable in all places where registration of such instruments is required; and
- (b) The Company shall deliver to the RDOS all manuals, records, accounts and other documents in its possession and control pertaining to the Utility System (with the RDOS acknowledging that as a result of the Order some or all Utility System documents may be held by the Comptroller).

The RDOS shall cause its solicitors to prepare the above documents, which shall be in such form as may be determined by the RDOS and its solicitor.

Completion

8. On the Completion Date, after receipt of all of the documents and things to be delivered by the Company to the RDOS on the Completion Date pursuant to this Agreement, the RDOS shall cause all LTO Assignments to be submitted for registration in the Land Title Office and upon receipt of a satisfactory post application land title office title search indicating such that in the normal course the RDOS shall be registered owner of all of the interests identified in the LTO Assignments, the RDOS shall deliver a cheque to the Company in an amount equal to the Purchase Price.

Possession and Risk

9. On the Completion Date, the RDOS shall be entitled to possession of all of the Assets. The Assets are at the Company's risk until application is made to register the LTO Assignments in the Land Title Office on the Completion Date and thereafter are at the risk of the RDOS.

Fees and Taxes

10. The RDOS shall pay, as and when due and payable:
- (a) any Land Title Office fees in connection with the registration, filing or deposit with the LTO of any document or plan to be deposited, filed or registered pursuant to this Agreement;
 - (b) any provincial sales tax payable in respect of the RDOS's acquisition of the Assets; and

- (c) any GST payable in respect of RDOS's acquisition of the Assets.

Each party shall be responsible for its own legal fees and disbursements incurred in respect of this Agreement.

Company Representations and Warranties

11. The Company represents and warrants to the RDOS that the following are true, and shall be true on the Completion Date, acknowledging that the RDOS is relying on the following representations and warranties in connection with its acquisition of the Assets, which representations and warranties shall survive the completion of the transaction under this Agreement:
- (a) except as set out in the Order and subject to the Comptroller's seizure of the Assets as described in the Order, the Company is the legal and beneficial owner of, and has good and marketable title to, the Assets free and clear of all liens, charges, security interests, encumbrances and claims of any kind;
 - (b) the Company is duly incorporated, validly existing and in good standing under the *Business Corporations Act* and has made all necessary filings required by that Act;
 - (c) subject to the satisfaction of the condition precedent under section 15 in relation to the Order, the Company has the legal capacity, power and authority to own the Utility System and the Assets and to enter into this Agreement and perform all of its obligations under this Agreement;
 - (d) subject to the satisfaction of the condition precedent under section 15 in relation to the Order, all necessary actions, steps and other proceedings have been taken to approve and authorize, validly and effectively, the entering into, and the execution, delivery and performance of this Agreement and the transfer of the Assets to the RDOS;
 - (e) other than the Order, there is no action, suit, claim, litigation or proceeding pending or, to the Company's knowledge determined by the actual knowledge of the sole director of the Company without investigation, threatened against the Company or in respect of the Utility System or the Assets before any court, arbitrator, arbitration panel or administrative tribunal or agency that might affect the Company's ability to perform any of its obligations under this Agreement and no state of facts exist that could constitute the basis of any such action, suit, claim, litigation or proceeding;
 - (f) subject to the satisfaction of the condition precedent under section 15 in relation to the Order, determined by the actual knowledge of the sole director of the Company without investigation, neither the Company entering into this Agreement nor the performance by the Company of the terms of this Agreement shall result in the breach of or constitute a default under any term or provision of any instrument, mortgage, deed of trust, lease, document or agreement to which the Company is bound or subject;
 - (g) to the best of the Company's knowledge, determined by the actual knowledge of the sole director of the Company without investigation, the Company has complied with all

Environmental Laws in its operation of the Utility System and the Assets during the period that the Company operated the Utility System;

- (h) to the best of the Company's knowledge, determined by the actual knowledge of the sole director of the Company without investigation, the Company has not caused or permitted any Contaminants to be introduced, and is not aware of any Contaminants having been introduced, into, onto or under, or migrating to or from, any land comprised in the Utility System or the Assets ;
- (i) to the best of the Company's knowledge, determined by the actual knowledge of the sole director of the Company without investigation, the land comprised in the Utility System or Assets contains no active or inactive above ground or below ground storage tanks, other than the two water storage tanks (reservoirs);
- (j) to the best of the Company's knowledge, determined by the actual knowledge of the sole director of the Company without investigation, there is not now and has not been in the past any action, proceeding, investigation, prosecution or claim, pending or threatened under Environmental Laws in respect of, or related to the presence of Contaminants in, on or under any land comprised in the Assets, whether relating to the presence of Contaminants in the soils or ground water or migrating thereto or therefrom or otherwise;
- (k) to the best of the Company's knowledge, determined by the actual knowledge of the sole director of the Company without investigation, there are no reports, soil test reports, assessments, audits, studies, permits, licenses or records with respect to the lands comprised in the Assets concerning or relating to Contaminants or compliance with Environmental Laws, whether or not prepared for the Company or any other person, including any predecessors in title or tenants;
- (l) to the best of the Company's knowledge, determined by the actual knowledge of the sole director of the Company without investigation, there is no liability, contingent or otherwise, for any Governmental Charges in respect Utility System or the Assets; and
- (m) the Company is not a "non-resident" of Canada within the meaning of the *Income Tax Act* (Canada) and is not acting as agent, trustee or nominee for any person in connection with the transaction contemplated by this Agreement.

In this section,

"Contaminants" means

- (i) as defined in the *Environmental Management Act*, any biomedical waste, contamination, contaminant, effluent, pollution, recyclable material, refuse, hazardous or special waste or waste;
- (ii) matter of any kind which is or may be harmful to safety or health or to the environment; or
- (iii) matter of any kind the storage, manufacture, disposal, emission, discharge, treatment, generation, use, transport, release, remediation, mitigation or

removal of which is now or is at any time required, prohibited, controlled, regulated or licensed under any Environmental Laws;

"Environmental Law" means any past, present or future, common law or principle, enactment, statute, regulation, order, bylaw or permit, and any requirement, standard or guideline of any federal, provincial or local government authority or agency having jurisdiction, relating to the environment, environmental protection, pollution or public or occupational safety or health; and

"Governmental Charges" includes all taxes, customs, duties, rates, levies, assessments, re-assessments and other charges, together with all penalties, interests and fines with respect thereto, payable to any federal, provincial, local or other government or governmental agency, authority, board, bureau or commission, domestic or foreign.

Company Default

- 12 If on the Completion Date any of the representations or warranties made by the Company under this Agreement are untrue, or the Company is in default under any of the covenants and obligations to be observed or performed by the Company under this Agreement, the RDOS may elect not to complete the purchase of the Assets under this Agreement or to complete the purchase of the Assets under this Agreement, in either case without prejudice to any rights or remedies the RDOS may have in respect of the Company's breach or default.

Conditions Precedent

- 13 The obligation of the RDOS to complete the transaction provided for in this Agreement is subject to the satisfaction of the following conditions precedent being satisfied or waived on or before the applicable date specified, each of which is for the exclusive benefit of the RDOS and may be waived in whole or in part by the RDOS in writing at any time on or before the applicable date specified:
- (a) On or before the date that is 550 days following the date of execution of this Agreement by the parties, the RDOS will be satisfied, in its sole discretion, with the results of any due diligence investigations it undertakes with respect to the Utility System and the Assets.
 - (b) On or before the date that is 550 days following the date of execution of this Agreement by the parties, the RDOS will, in its sole and unfettered discretion, have enacted such bylaws, and obtained all required public and third party approvals, as may be necessary in order to:
 - (i) establish a new RDOS service or extend an existing RDOS service as to provide services to the properties serviced by Assets; and
 - (ii) authorize the RDOS to borrow monies to finance the construction of capital improvements to the Utility System as considered necessary or desirable by the RDOS, in its sole and unfettered discretion.

- (c) On or before the date that is 550 days following the date of execution of this Agreement by the parties, the board of the RDOS shall have, in its sole and unfettered discretion, passed a resolution giving final approval to the acquisition of the Utility System and the Assets pursuant to this Agreement.
- (d) On the Completion Date, the representations and warranties of the Company under this Agreement shall be true on the Completion Date in all material respects, with the same effect as though the representations and warranties had been made on the Completion Date.
- (e) On or before the Completion Date, the RDOS shall have received all required consents of all government authorities and third parties necessary to permit any of the Assets to be transferred and assigned to the RDOS pursuant to this Agreement.

The Company shall execute and deliver to the RDOS or to any governmental authority or other third party as directed by the RDOS such consents, authorizations and directions as may be necessary to enable the RDOS to conduct such due diligence investigations it chooses to undertake under paragraph (a) of this section and to enable the RDOS to receive the consents referred to in paragraph (e) of this section.

If any of the conditions precedent under this section is not satisfied or waived within the applicable time provided under this Agreement, this Agreement shall terminate and the parties shall have no further obligations to, nor rights against, each other in respect of this Agreement. In consideration of \$1.00 non-refundable paid by the RDOS to the Company and other good and valuable consideration, the receipt and sufficiency of which the Company acknowledges, the Company agrees to remain bound by the terms and conditions of this Agreement while it remains subject to the conditions precedent under this section.

14. The parties' obligations to complete the transfer of the Assets are subject to, and conditional upon, the satisfaction of the following condition precedent:

On or before the date that is 550 days following the date of execution of this Agreement by the parties, the Comptroller of Water Rights under the *Water Sustainability Act* (British Columbia) shall have approved, pursuant to s. 52(1) of the *Utilities Commission Act* and as may be required as a result of the Order, of the disposition of the Utility System under this Agreement on conditions, if any, acceptable to the RDOS exercising its sole discretion.

The conditions precedent created by this section may not be waived and if such condition is not satisfied on or before the date set out above, this Agreement shall terminate and the parties shall have no further obligations to, nor rights against, each other in respect of this Agreement.

Additional Assets and Property

15. If during the course of any due diligence investigations the RDOS undertakes with respect to the Utility System and the Assets, the RDOS determines it necessary or desirable to include in the acquisition under this Agreement additional assets or property of the Company, of any kind whatsoever, real or personal (including contracts and intellectual property of any kind),

wheresoever located, associated with or related to the Utility System that are not currently included as part of the Assets, the RDOS may provide notice of that determination to the Company identifying such additional property and assets and upon such notice such property and assets shall be included as "Assets" and the transfer and assignment to the RDOS under this Agreement.

Post Completion Company Obligations

16. If after the Completion Date any of the Assets remain in the name of the Company, the Company shall hold such Assets in trust for the RDOS until such time as those Assets are in the name of the RDOS and during that period the RDOS shall have a license to use such Assets to the same extent as if such Assets were held in the name of the RDOS.

No RDOS Assumption of Utility System Liabilities

17. For clarity:
- (a) Except as provided for under paragraph (c) of this section and for any debts or other liabilities expressly assumed by the RDOS pursuant to a separate written agreement between the RDOS and the Company, the RDOS is acquiring the Assets only and does not assume in any way responsibility or liability for any liabilities, debts or other obligations of the Company in any way relating to or associated with the Utility System or the Assets.
 - (b) Without limiting paragraph (a) of this section and for any debts or other liabilities expressly assumed by the RDOS pursuant to a separate written agreement between the RDOS and the Company, the Company will be solely responsible for any continuing obligations under any contracts or agreements to which the Company is a party that are not included in the Assets transferred and assigned to the RDOS under this Agreement and for taking such steps as the Company considers necessary or desirable to terminate such contracts and agreements.
 - (c) From and after closing on the Completion Date, the RDOS shall be responsible for performing all obligations arising after closing under the terms of any rights of way, easements, crossing agreements, contracts and agreements that are Assets transferred and assigned to the RDOS under this Agreement.

Company Indemnity of RDOS

18. The Company hereby indemnifies and saves harmless the RDOS and its elected and appointed officials, officers, employees and agents (but not, for clarity, the Province of British Columbia) from and against:
- (a) any and all liabilities and debts, whether accrued, absolute, contingent or otherwise, existing at closing on the Completion Date;
 - (b) any and all losses, damage and deficiencies resulting from any misrepresentation, breach of warranty or non-fulfilment of any covenant on the part of the Company

under this Agreement or from any misrepresentation in or omission from any certificate or other instrument furnished or to be furnished to the RDOS under this Agreement; and

- (c) any and all claims, actions, suits, demands, proceedings, assessments, judgments, costs and legal and other expenses incident or related to any of the foregoing.

General Provisions

19. Further Assurances – The Company shall promptly execute and deliver all such further documents, deeds and instruments, and do and perform such other acts, as the RDOS may consider necessary or desirable to give full effect to the intent and meaning of this Agreement.
20. Company Performance – The Company shall perform its obligations, including under any covenants, under this Agreement at its own expense and without compensation or reimbursement from the RDOS.
21. Notice – Any notice which may be or is required to be given under this Agreement will be in writing and be delivered or sent by email to the applicable address set out above, or to such other address notice of which is given in accordance with this section. Any notice that is delivered or sent by email is to be considered given on the day it is delivered or sent, except that if that day is not a Business day, the notice is to be considered given on the next Business day after it is sent.
22. No Effect on Powers – This Agreement does not, and nothing herein will:
 - (a) affect or limit the discretion, rights, duties or powers of the RDOS or the approving officer for the RDOS under the common law or any statute, bylaw or other enactment;
 - (b) affect or limit the common law or any statute, bylaw or other enactment applying to the Utility System or the Assets; or
 - (c) relieve the Company from complying with any common law or any statute, regulation, bylaw or other enactment.

Without limiting the foregoing, the Company acknowledges and agrees that where fulfillment of a condition precedent under this Agreement requires that the RDOS adopt bylaws or pass resolutions, the adoption of such bylaws and passage of such resolutions is within the absolute and unfettered discretion of the Board and the provisions of this Agreement will not in anyway obligate the Board to adopt such bylaws or pass such resolutions or affect the Boards' discretion with respect thereto.

23. Time of Essence – Time is of essence of this Agreement.
24. Interpretation – In this Agreement:
 - (a) all dollar amounts referred to in this Agreement are Canadian dollars;

- (b) reference to the singular includes a reference to the plural, and vice versa, unless the context requires otherwise;
 - (c) article and section headings have been inserted for ease of reference only and are not to be used in interpreting this Agreement;
 - (d) the term "enactment" has the meaning given to it under the Interpretation Act (British Columbia) on the reference date of this Agreement;
 - (e) reference to any enactment includes any regulations, orders or directives made under the authority of that enactment;
 - (f) reference to any enactment is a reference to that enactment as consolidated, revised, amended, re-enacted or replaced from time to time, unless otherwise expressly provided;
 - (g) reference to a particular numbered section or article, or to a particular lettered Schedule, is a reference to the correspondingly numbered or lettered article, section or Schedule of this Agreement and any Schedules to this Agreement form part of this Agreement;
 - (h) where the word "including" is followed by a list, the contents of the list are not intended to circumscribe the generality of the expression preceding the word "including"; and
 - (i) "Business Day" means a day other than a Saturday, Sunday or statutory holiday in British Columbia.
25. Tender – Any tender of documents or money to be made upon a party may be made at that party's address set out in this Agreement or upon their solicitor.
26. No Other Agreements – This Agreement is the entire agreement between the parties regarding its subject and it terminates and supersedes all other representations, warranties, promises and agreements regarding its subject.
27. Assignment – The Company may not assign all or any part of this Agreement, or the benefit hereof, without the prior written consent of the RDOS, which may be withheld arbitrarily and without reason.
28. Schedules – The following are Schedules to this Agreement and form an integral part of this Agreement:
- Schedule A** – Drawing of Utility System
- Schedule B** – Buildings, Improvements, Works, Machinery and Equipment
- Schedule C** – Easements, Rights of Way, Licenses, Permits, Railway Crossing Agreements, Encroachment Agreements and Other Interests and Agreements

Schedule D – Reserve Funds and Amounts (if any)

29. Modification – This Agreement, including the Schedules, may not be modified except by an instrument signed in writing by both parties, except that the Completion Date may be changed by their agreement through their respective solicitors upon instructions to their solicitors as evidenced promptly thereafter in writing by their solicitors.
30. Governing Law – This Agreement will be governed by and construed in accordance with the laws of British Columbia.
31. Non-Merger – None of the provisions of this Agreement will merge in the transfer of the Assets or any other documents delivered on the Completion Date and the provisions of this Agreement will survive the completion of the purchase and sale transaction under this Agreement.
32. Counterparts and Electronic Execution & Delivery - This Agreement may be executed electronically and in any number of counterparts and delivered by e-mail, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

As evidence of their agreement to be bound by this Agreement, the RDOS and the Company have executed this Agreement below.

REGIONAL DISTRICT OF OKANAGAN-SIMILKAMEEN

by its authorized signatories:

Sec. 22(1) personal information

Chair:

Sec. 22(1) personal information

Chief Administrative Officer:

**SAGE MESA WATER & PUBLIC SERVICE CO. LTD. (Inc.
No. BC0057157)** by its authorized signatory:

Sec. 22(1) personal information

12/26/2022

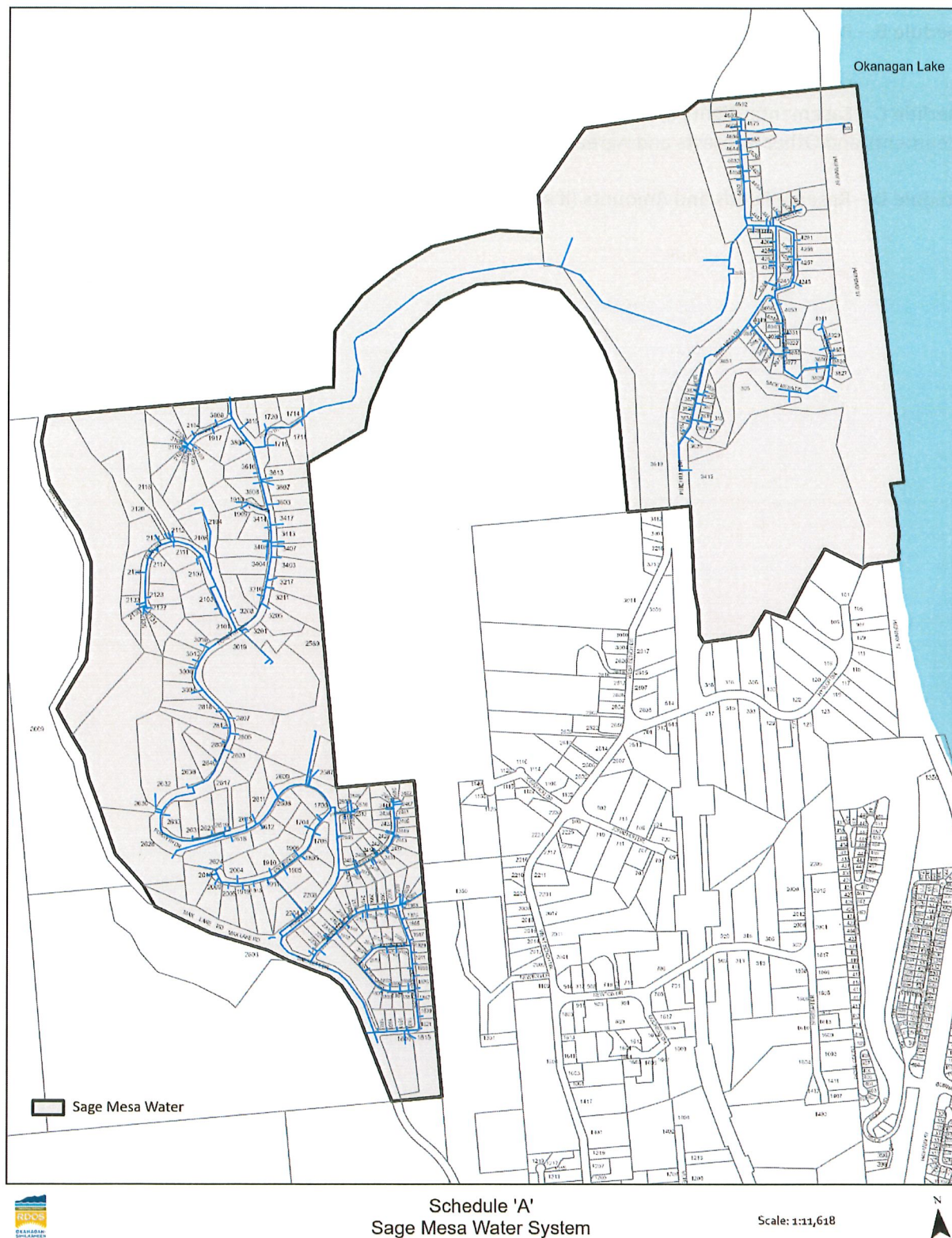
Name:

Mary Kathleen Chapman

List of Schedules:

Note: Schedules B, C and D will be completed by the RDOS after the RDOS performs its studies of the water system.

Schedule A – Drawing of Utility System (blue lines)



Schedule B – Buildings, Improvements, Works, Machinery and Equipment

Schedule C – Easements, Rights of Way, Licenses, Permits, Railway Crossing Agreements, Encroachment Agreements and Other Interests and Agreements

Schedule D – Reserve Funds and Amounts (if any).

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June 24, 2024

Sage Mesa Water & Public Service Co. Ltd.
303 – 86 Lakeshore Drive East
Penticton, BC V2A 1B5

To Mrs. Mary Kathleen Chapman;

**Re: AMENDMENT TO UTILITY SYSTEM TRANSFER AGREEMENT
Regarding the Sage Mesa Water System transfer to the Regional District**

Please accept this letter as notice to amend Article 13 – Conditions Precedent and Article 14.

The Agreement was executed on December 23, 2022 and under Article 13, Conditions Precedent, and Article 14, 550 days following this date of execution is June 25, 2024. Additional time is required to complete the acquisition process for the utility transfer.

We are proposing the following amendment:

Article 13 Conditions Precedent and Article 14:

The parties hereto agree that the “550 days following date of execution of this Agreement” be adjusted to add one additional year of 365 days. The amended statement in the Articles will now read “915 days following date of execution of this Agreement”.

The amended date for completion of conditions precedent is June 25, 2025. Please execute this letter as confirmation of your acceptance of this amendment to the Agreement and return to our office.

If you require anything further, please contact Liisa Bloomfield (250) 490-4229.

Sec. 22(1) personal information

Mary Kathleen Chapman

Sec. 22(1) personal information

Jim Zaffino
CAO, Regional District of Okanagan-Similkameen

Sec. 22(1) personal information

Mark Pendergraft
Chair, Regional District of Okanagan-Similkameen





June 23, 2025

Sage Mesa Water & Public Service Co. Ltd.
303 – 86 Lakeshore Drive East
Penticton, BC V2A 1B5

To Mrs. Mary Kathleen Chapman;

**Re: SECOND AMENDMENT TO UTILITY SYSTEM TRANSFER AGREEMENT
Regarding the Sage Mesa Water System transfer to the Regional District**

Please accept this letter as notice to amend Article 13– Conditions Precedent

The Agreement was executed on December 23, 2022 and under Article 13, Conditions Precedent, 550 days following this date of execution was June 25, 2024.

The Agreement was amended on June 24, 2024 to add another 365 days to complete the acquisition process.

The process has resulted in delays to the assent process for the water system users, thereby requiring an additional extension to the original Agreement to complete the acquisition process for the utility transfer of ownership.

The Regional District is proposing the following amendment:

Article 13 – Conditions Precedent

Part (a) and (b) The parties hereto agree that the “550 days following date of execution of this Agreement” was already adjusted by one year to read “915 days following date of execution of this Agreement”.

Due to extended timelines, the parties hereto agree that the “915 days following date of execution of the Agreement” be adjusted by an additional 555 days, or approximately 18 months, to December 31, 2026. So the statement would now be amended to: **“1470 days following date of execution of this Agreement”**

The amended date for completion of conditions precedent will now be set at December 31, 2026.

Please execute this letter as confirmation of your acceptance of this amendment to the Agreement and return to our office.

If you require anything further, please contact Liisa Bloomfield (250) 490-4229.



Signatures for SECOND AMENDMENT TO UTILITY SYSTEM TRANSFER AGREEMENT for SAGE MESA
WATER SYSTEM

Sec. 22(1) personal information

Mary Kathleen Chapman, Owner of Sage Mesa Water & Public Service Co. Ltd.

Sec. 22(1) personal information

Jim Zaffino
CAO Regional District of Okanagan-Similkameen

Sec. 22(1) personal information

Mark Pendergraft
Chair, Regional District of Okanagan-Similkameen