



July 25, 2016

#4553994 Manitoba Ltd, Granite Hills  
Gilles Gauthier, President  
1055 Dugald Road  
Winnipeg, MB  
R2J 0G8

**RE: 4559334 Manitoba Ltd-Granite Hills Development Agreement August 1, 2004  
CONSTRUCTION AND INSTALLATION OF THE FACILITIES – Article 10  
Reference: Delegation December 15, 2015**

Dear Mr. Gauthier,

The RM of Lac du Bonnet Council entered into a Granite Hills Development Agreement with the developer to establish certain development conditions and responsibilities with respect to lands located in the RM. As part of the development conditions, the developer was required to establish a Letter of Credit in the amount of \$600,000.00, as set out in section 19(a) of the Development Agreement. The total of the works to be completed which are secured by the Letter of Credit is an estimate of \$1,979,301.00 as set out in Schedule "F" of the Development Agreement. The letter of Credit was established to guarantee the installation, construction, and completion of the Services and Facilities as defined in the Development Agreement. Since the execution of the Development Agreement, the Letter of Credit has been reduced by the Municipality and that current value is \$350,000.00.

A piped water system for potable water:

In a presentation to council December 15, 2015 the developer indicated that its requirements to provide water distribution, pump house and treated water has been met. The developer has requested a further reduction of the Letter of Credit.

Council along with the Granite Hills Estates Home Owners Association Inc. have some serious concerns and questions regarding the requirements set out in the Development Agreement pertaining to the water system. Council obtained a legal opinion to determine the RM's and developer's obligations and liability implications in meeting these requirements under the signed Development Agreement.

There is a clear indication that "potable water" is water that is safe for human consumption. The definition in the Water Supplies Regulation also provides further guidance. The meaning of the provision "a piped water system" in the Development Agreement is also relevant to the interpretation as to whether the Developer has provided potable water, "water system" as defined in The Drinking Water Safety Act C.C.S.M. c. D101. As well the "water distribution system" is defined under The Drinking Water Safety Act CCSM c. D1010. This indicates to Council that a water system is designed for the use in the storage, distribution or delivery of potable water for domestic purposes.

Page 2

#4553994 Manitoba Ltd, Granite Hills  
Mr. Gauthier

The fact that further treatment is required to water provided by the current piped water system leads us to conclude that the water being delivered is not "potable" as used in the Granite Hills Development Agreement.

Shoreline docking, launching and beach facilities:

Thank you for your information that was submitted at the delegation December 15, 2015 in regards to the progress work on the docking and beach facilities including The Environmental Act License dated May 12, 2016. It is the owner's responsibility to comply with any other applicable laws and regulations. The Developer shall notify the Municipality upon completion and construction of the Facility in accordance with Schedule E of the Development Agreement. The RM's Engineer shall then inspect the Facilities. If they comply with Schedule E to the satisfaction of the Engineer and Council, the Engineer shall sign and issue a Construction Completion Certificate (CCA).

Based on the facts and opinion of our legal counsel, the request for a reduction of the current Letter of Credit in the amount of \$350,000.00 is denied. The Letter of Credit shall remain in effect without reduction until the issuance of the Final Acceptance Certificate.

In council's view and the same of our legal counsel, the Developer has not met its obligation under Article 10. Until such time as an Engineer of the RM signs off on works completed by the Developer and delivers a FAC (Final Acceptance Certificate) there is no obligation to reduce the Letter of Credit.

Council looks forward to working with you as the developer to further discuss, if necessary, to bring you into compliance in meeting the requirements and obligations of the Granite Hills Development Agreement.

Thank you  
Regards,

  
Tannis Lodge, CMMA  
On behalf of Council  
/tl

Cc Granite Hills Estates Home Owners Association Inc.



#4187-Provincial Road 317  
Box 100, Lac du Bonnet, Manitoba R0E 1A0  
Phone: 204-345-2619, Fax 204-345-6716  
Email: [rmldb@lacdubonnet.com](mailto:rmldb@lacdubonnet.com), Website: [www.lacdubonnet.com](http://www.lacdubonnet.com)