

February 2025

## To Prospective purchasers - Disclosure package

### Meridian Beach Cottage Resort

The purpose of this document is to provide information about the Meridian Beach development so purchasers understand the reasoning for the charges that will be on their Title, the basis for the Homeowners Society and the Private Utility Costs. In addition, this document provides information about Canal access, Boat Slips, beach tenure and special measures related to building on accreted lands. This disclosure is intended to provide information; not legal advice.

### The Homeowners Society

Meridian Beach is based on “fee simple” or traditional land ownership and is not a condominium. However, the nature of the development and its amenities are beyond what our rural County of Ponoka would normally provide or maintain. (Ponoka is an extremely well run County and traditionally maintains the lowest property taxes in Alberta). These extra amenities include such features as the canal, beaches, paths, bridges, sports areas, tennis court, decorative parks, pavilions, interpretive areas and the community hall. These amenities and special features are beneficial to cottage owners but do need some ongoing management and upkeep. Therefore, a non-profit Society has been formed to handle maintenance and administration of facilities as well as architectural standards and community rules and regulations. It will use the restrictive covenants and the rent charge, which are registered on every title in Meridian Beach.

The intended purpose of this Meridian Beach Homeowners Society (MBHS) is therefore to:

1. Own common facilities; maintain that property and common facilities and collect a fee from every lot owner to cover its costs;
2. maintain the parks and canal marina
3. Review plans for proposed buildings to see that they fit with the architectural guidelines and nature of the community; (currently delegated to Inshore)
4. Enact and enforce Rules and Regulations that apply to all the Development, owners and their guests, copy attached;
5. Enhance the enjoyment of all residents and enrich the entire development.

The annual fees for the Society in 2024 are presently \$1000.00 per year plus GST which allows the MBHS to build up a reserve; as set by the MBHS executive based on expenses and the democratic direction of owners. Inshore Developments Ltd. (“Inshore”) turned over control to an elected Board in late 2015. The Society will prepare a budget each year and send out invoices to owners early in the New Year. The budget includes building up a reserve for replacing assets that depreciate.

Membership in the Society is restricted to Meridian Beach owners. The members elect a Board to manage the Society. Cottage or lot owners pay the Society’s assessments whether they have built or not.

Inshore has also transferred to the Society the rights that it had in its License of Occupation obtained from the Crown for the main beach area. Inshore also transferred (at no cost to the Society) title for the tennis lot and the community hall building. We have also agreed to transfer the canal and marinas to the Society in 2024 although Inshore will continue to control canal accesses and boat slips for some years. Inshore still owns the lands up to the second beach. We expect that that will become municipal reserve turned over to the county.

As an owner, Inshore does not pay annual fees for unsold lots. Those lots are not occupied and Inshore is not using the Common Facilities. Furthermore, Inshore has and will be donating property and improvements to the Society that far exceed any owner contributions.

### **Covenants**

There are three restrictive covenants on the property. These should be carefully read. They may be summarized as follows:

1. A Restrictive Covenant regarding building scheme, i.e., architectural controls, and regulations will give power to Inshore (and then the Society) to approve plans; which will normally be required before the County grants a development permit.
2. The Rent Charge encumbrance establishes the power of the Society to collect its annual dues and assessments even to the point of taking possession of an owner's lot should that prove necessary.
3. A further Restrictive Covenant requires that owners connect, and remain connected, to the private utilities which will be available at the lot line. Owners are not allowed to drill wells or install septic fields.

These and other restrictions are or will be registered against your title in a form similar to those attached to this disclosure.

The Rent Charge encumbrance and the Restrictive Covenant for the building scheme are both managed and enforced by the owner of the specified "Dominant Tenement". The "Dominant Tenement" is the Community Lot, i.e. Lot 24 Block 1 where the Community Hall has been erected. Inshore has transferred this lot to the Homeowners Society and thereby also transferred to the Society the powers and responsibility for administering these Restrictive Covenants as well as a means to raise funding. However at present Inshore still approves all building plans using an experienced architect.

### **Canal Ownership and Docks**

Inshore Developments will retain rights to allocate boat slips and canal accesses even after the Canal Area (this includes the banks) is turned over to the Society. If your cottage has canal access, your purchase document will show on the plan, an area on the canal bank for your access to the water. It may not be directly in front of your lot and may be of a lesser width. Inshore has obtained permits that allow docks to be erected on the bank. Each lot owner, with access, will be provided with a copy of the then-current Canal Access License from Inshore, which will later be administered by the Society. This outlines the privileges and rules that apply to the access holder but it does not confer any ownership rights to the bank or water. There will be a public path along

the canal bank and a lot owner with bank access rights may not fence that area off or obstruct it.

Canal Access rights and related docks and boathouses may not be separately sold or traded and must remain attached to and part of an upland lot within Meridian Beach. Any disputes will be adjudicated by Inshore or later the MBHS as the owner of the Canal Lot. Maintenance, upkeep, repair and replacement of an individual dock or boathouse constructed under a Canal Access License is the sole responsibility of the upland lot owner who constructed that dock and holds the relevant Canal Access License.

Inshore has also developed communal docks where it will sell or rent individual Boat Slips. Owners of a Boat Slip will not need, nor will they be given, individual canal access licenses. They will access the canal as a member of the Society and hold their Boat Slip as a Boat Slip Member in that Society. Boat Slip Members will share the costs of boat slip maintenance, upkeep, repair and replacement among all the owners of the boat slips within that particular communal dock.

Both canal access holders and boat slip owners must be members in good standing of the MBHS and not have any outstanding fees or fines.

### **Private Utilities**

Meridian Beach has a private water and sewer system (the “Private Utilities”) to provide these services to all lots. The County of Ponoka did not wish to provide those services. Our systems have been engineered in accordance with the environmental design of the development and related approvals. Sewage treatment is provided through a contract with a related company, Community Wastewater Systems Inc. (“CWSI”). Each lot is required to connect any residence to the Private Utilities. The following outlines the basis for the utility service charges which will be levied by the developer, in order to pay for these Private Utilities while it is administering the development:

1. The owner of a lot will pay reasonable charges for water and sewer services (“Rates”). The Rates are a combined bill for both. In the event that an owner fails to pay, Inshore or a successor will have the right, in addition to any other remedies, to refuse to connect or suspend services.
2. The Rates are intended to cover operating costs, overhead and provide for equipment replacement plus a commercially reasonable margin. The Rates do not include a return on initial capital costs to build the water supply/sewer piping or the water treatment/sewage treatment plants because that has been included by Inshore in your lot price.
3. The Rates for water and sewer service (in 2025) are \$1296.00 connection per year (\$108.00/month) plus \$5.04 per m<sup>3</sup>. The first 5 m<sup>3</sup>/month is included free in the annual fee. A family of four with modern water conserving fixtures should use well under 0.6 m<sup>3</sup> per day. If you are using your cottage for seasonal use you will likely be below the volume included in the monthly fee. The Rates may be adjusted with inflation and/or to reflect actual costs.
4. We read the meters and send out bills twice per year at the end of June and December.
5. The Rates will be payable when a cottage has been connected to the services and the water valve opened. The Rates for the first year in which connection takes place will be prorated for the months in which the Utilities are connected.

6. The owner of an undeveloped Lot must pay 30% of the annual Rates (\$388.80/year) in each year after the year in which the Lot is purchased, regardless of whether a cottage or residence has been constructed. This is required because much of the cost in operating a utility is fixed and activated once it is ready to serve a lot. No cottage will be connected unless these have been paid with interest. Subsequent owners are responsible for payment of arrears and interest associated with their lot before connection.
7. The volume for both water and sewer service will be determined by a water meter to be supplied by the Developer and installed by each owner of a Lot prior to the opening of the water valve. Each water meter is to be installed with an external readout device.
8. Alberta regulatory boards have a mandate to regulate private water systems and the owner of a Lot may apply to such boards at any time for a review and adjustment of the Rates if they believe those rates have been unfairly assessed.

In the future the Developer may turn the water utility over to the Society or another organization. As you might expect, there are presently regulations to prevent discharge of contaminants or harmful substances into the sewer system and those may change over time. Sump pumps or eaves troughs are not allowed to be connected to the sewer nor are garburators or water softeners allowed.

### **Lake Levels**

Gull Lake receded over the first two thirds of the 20th century from a level of 901.5m (above sea level) in 1924 to approx. 898.5m in 1978. In 1976, the Province installed a stabilization system to pump water into the lake from the Blindman River which has maintained the lake since. The level still fluctuates and, for example, fell sharply during the drought years 2000 to 2003. After the stabilization was installed the province decided it would be impractical to raise the lake to its 1920s level. The province set a new target of 899.16m. When the lake is below this level and there is water available in the river the pumps are run. 2011 to 2015 were wet years. As of October 5, 2023 the lake was down to a level of 898.49 well below the trigger level where the pumps should have been started. In 2010 Alberta Environment announced that they wanted local municipalities to start paying the power cost for stabilization. Fortunately local municipalities took on the cost for the pumping but there has been no pumping for the last 14 years and some of the funding was banked. Another stabilization issue arose in 2018, in that an invasive species (Prussian Carp) have been discovered in the Blindman River so the pumping system will need modification to prevent their entry into the lake. Alberta Environment and Parks (AEP) has suspended pumping until a solution for the Carp issue can be found. The Gull Lake Watershed Society has made a proposal to Alberta Agriculture and AEP for a pressurized filtration system to remove carp/eggs that, if accepted, would allow stabilization to proceed. The province is reviewing that prospect.

A new 100-year maximum flood level of 900.68 m was set in the 2000 version of the Gull Lake plan and the 2003 update. The lake in October 2023 was 2.2 m (7.2 feet) below that 100-year flood level set in the 2000 Gull Lake Plan. Changes in lake level normally occur slowly, 10 inches in a year is a large change. We attach a historic record of lake levels, updated to October, 2023. This also shows the 100 year flood level in the 2003 Gull lake plan.

### **Building on Accreted Lands**

Accreted land is land that was at one time covered by the waters of Gull Lake. Due to the fall in

lake levels many years ago there is a considerable amount of this “accreted land” around the lake. At Meridian Beach the accreted land that we are developing has been approved for residential subdivision. Those lands were generally above the 100 year flood level before we started work. Then we dug the canal and used the earth to raise the level of the lots by a further 1 to 3 meters. All building sites are above 902 m or a minimum of 1.32 m above the 100 year flood level and at least 3m (10 feet) above the current lake level. Nonetheless, building where there is both fill and the possibility of an increasing lake level requires some special precautions:

1. Footings or piles must be placed on soil that can support the building. Our expectation is that the native ground has good bearing capacity. However, in order to confirm this the homeowner, depending on the house design, may need to have piles designed by or a bearing certificate provided by a professional engineer. A bearing certificate confirms that the soil is capable of supporting the building and gives the homeowner advice about the footings under the building. Typically the excavation for the foundation is made and then the geotechnical company is asked to come out and evaluate the soil. Inshore’s Geotechnical Testing firm (Parkland Geotechnical of Red Deer) has advised that they will normally be able to provide a certificate for a cost of approx \$300. That cost and risk is the responsibility of the homeowner. Your bearing certificate assures you of good foundation conditions.
2. When the building is designed there should be no permanent openings in the foundation below 901m. This will work with most walkout lot elevations.
3. If the homeowner wishes to have a basement it is recommended that the basement floor be set above the 100 year flood level. On a few lots this would mean a raised bungalow. The lowest level allowed for a basement floor is 900.5 m and both the furnace and all electrical should be set at least 0.3 m above the basement floor plus a sump pump should be installed to discharge toward the back of the house. (Sump pumps are not allowed to discharge to the sewer system).
4. The elevations of your potential lot and the prospect for a walkout or any basement limitations can be provided by Inshore.

Most of phases 3, 4, 6 and 7 at Meridian Beach are on accreted lands. If you have any questions related to this be sure to ask Norval Horner of Inshore, 403 803 6914, or Mark Ruault P.Eng. of MER Management Ltd. (project manager for design) at 587 227 7484. As with any property by water a purchaser does bear the risk of flooding but those who know the lake see this as a small prospect as the lake has required external pumping in order to maintain levels for parts of the last 50 years.

We should also mention that the lands between Meridian Beach and the natural lakeshore of Gull Lake are owned by the Crown. West of Phase 4 and south of Phase 3 the development has a “License of Occupation” (LOC) that gives us control of those Crown lands. That LOC is where our beach and the canal entrance are located. The original term was 25 years and the LOC is renewable. This LOC has been turned over to the Homeowner’s Society. West of Phase 3 the land is being controlled by the Crown. Our understanding is that they wish to keep those lands in a natural state as “habitat”. The lands are generally below the 100-year flood level and native forest has grown up since the lake originally receded. West of phases 6,7 and 8, Inshore owns the natural

areas to the permanent bank and shore but we are considering returning it to the province and would expect that it would remain as habitat.

We trust this commentary is useful to the prospective purchaser to understand the intent and basis for the covenants on the land, the canal access and the various other matters. However, this narrative was not intended to provide legal advice and if you have questions or concerns in that regard, you should seek independent legal advice.

For other questions call W. Norval Horner, President, Inshore Developments Ltd. at 403 803 6914.