

Waskesiu Cabin Owners Association Inc.

May 10, 2006

Dear Cabin Owner

This letter is to inform you of current happenings within the Waskesiu Lake Town Site and Parks Canada Agency which affect us as Cabin Owners.

2005 and 2006 have been busy times both for the members of the Waskesiu Community Council and your Board of Directors. There are currently two separate initiatives present in the community:

- the Waskesiu Community Council is vigorously negotiating the formation of a municipal option to govern the Waskesiu Lake Town Site and
- Parks Canada Agency has indicated that effective April 1, 2007 Cabin Owners will be converted to a Land Lease relationship with the Crown. By now you will have received written notice of the second item in writing.

In the document that you have recently received from Parks Canada they spell out how it is and how it is going to be. Regardless of what may be inferred from information sent to you, at present the WCOA Executive is not supportive of some of the information or pricing that has been recently mailed to you.

In response to the document mailed we contacted the office of the Chief Executive Officer of Parks Canada Agency to find a process by which we can question the percentage increase in property values seen in our area over the last nine years that are a direct correlation to our negotiations of 1997/98. In consultation with his staff he has agreed to a process wherein our concerns will be considered.

We trust that with the commitment of Parks Canada Agency's CEO we will have the opportunity to reach fair land use rental rate based on ongoing discussions and past commitments by Parks Canada's representatives.

Herein we will describe our understanding of the process and what further information we will be providing to you.

This process and the options are confusing. To this end your Board has retained a lawyer to review the lease documents and the proposed options and provide comments. Once the opinion is received we will provide this information to you.

As indicated by Parks Canada Agency, each cabin owner or owners must enter into a 42 year lease agreement. The three lease options from which you will choose are:

Option 1:

An annual rent based on 7/12ths of 4% of the appraised land value of the leasehold property, which rent is \$XXX.00 annually for the rent period ending March 31, 2010, or until the term of the lease expires, whichever occurs first, with the rent to be reviewed April 1, 2010 and every ten (10) years thereafter until the term of the lease expires. Adjustments will be based upon any increase or decrease in the appraised land value; the 7/12 of 4% rate will remain constant for the balance of the term of the lease; or

Option 2:

An annual rent based on 7/12ths of 3% of the appraised land value of the leasehold property, which rent is \$XXX.00 annually for the rent period ending March 31, 2008, or until the term of the lease expires, whichever occurs first, with

the rent to be reviewed April 1, 2008 and every two (2) years thereafter until the term of the lease expires. Adjustments will be based upon any increase or decrease in the appraised land value. The 7/12 of 3% rate will remain constant for the balance of the term of the lease; or

Option 3:

An annual rent based on 1.5% of the appraised land value of the leasehold property, which rent is \$XXX.00. The rental rate shall then be compounded annually, beginning April 1, 2007 and every year there after, until the term of the lease expires, by the average of the previous five years, all Canada, all items Consumer Price Index to a maximum percentage increase of 5% in any given year.

Some of the questions that you may have may include:

Why 7/12ths when we cannot reasonably use our cabins 7/12ths of the year?

- It is a number set in parks policy, it is currently what the cottage owners are signatory to, it cannot be changed without an act of parliament.

I thought that we were going to get credit for our investment and negotiations of 1997/98 which resulted in the sewer and water services being installed in our area?

- Parks Canada Agency contacted an independent appraiser to assess the land values and they have allocated 25% to the increase in land values directly attributable to sewer and water. This percentage is currently subject to a new negotiation procedure. This procedure will not likely be finalized until after our AGM.

Where did these options and percentages come from?

- It is our understanding that they are the same options, for the most part offered to the cottage owners in Waskesiu. We were not given any opportunity to negotiate the number of options, percentages contained in the options or, as previously mentioned, the months of occupancy assessed for lease cost determination.

When will Parks Canada Agency representatives meet with us publicly to discuss this process?

- They will not meet with us prior to or as part of our AGM on Sunday, July 2nd at 10:00 AM. They have agreed to host a meeting in August, after the municipal option vote.

Is my cabin on my lot? and what about my neighbor's buildings and deck?

- A survey of Block X will be undertaken in 2006 and the site and its buildings will be located on a site specific drawing. Any encumbrances must be addressed within the phase in period of the lease otherwise the offending cabin owner will be financially penalized for the encumbrance.

What happens when I go to sell my cabin? Can I leave it to my children or another relative?

- Some suggestions will be provided by our lawyer regarding implications of whom to put on the lease and possible tax implication on the sale.

What happens to this whole process if a Municipal Model is both supported and put in place for the Waskesiu Lake Town Site?

- If the municipal model is accepted by the community then our land rent to the Crown will be \$1 per year. We would be assessed taxes based on the value of both the property and the building on our lots.

How many cabins are currently not hooked into the sewer system and could possibly come up for sale before the deadline in spring 2008.

- The number provided to us earlier this spring by the Town Site Manager was 112.

We will be sending you more information by mail as it becomes available and using the www.waskesiu.org website to post further information as it becomes available.

One last piece of information that we must communicate to you is that we have recently received Manley McLachlan's resignation as President of the WCOA. He has relocated to Victoria and recently sold his cabin at Waskesiu. We would like to thank Manley for his service to the association and wish him well in his new opportunity.

Sincerely,

Rob Phillips and Cheryl Aramenko

Waskesiu Lake Cabin Owners Association Inc.