

Newell
Regional
Services
Corporation

2010

This document contains information,
reports and audited financial statements for
the 2010 reporting year

Annual
Report to
Shareholders



newell
REGIONAL SERVICES CORP.

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September 21, 2011

Invitation to the Shareholders of **Newell Regional Services Corporation**

Notice of Annual General Meeting

Thursday, October 6, 2011

Heritage Inn- Banquet Room A

In accordance with the Unanimous Shareholders Agreement, By-Law #1 (a by-law relating generally to the transaction of business and affairs of Newell Regional Services Corporation) and the Business Incorporations Act, the Board of Directors and Management of Newell Regional Services Corporation; cordially invite Mayor and Members of Council, as well as Senior Management to the second annual general meeting of Newell Regional Services Corporation.

Agenda items to be presented include, progress report of a Corporate nature, construction progress, grant funding report, appointment of auditor and such other business that may arise.

An agenda is attached with this invitation.

There has been much progress in the construction program as well as Board of Directors decisions in moving the Corporation forward.

We look forward to seeing you, October 6, 2011

Ralph Havinga C.E.T.

General Manager



NEWELL REGIONAL SERVICES CORPORATION

Annual General Meeting
of the Shareholders

October 6, 2011

7:00 p.m.

Heritage Inn, Brooks

AGENDA

Call to Order

Chairman: Ike Schroeder

Introduction of the Board of Directors

Chairman: Ike Schroeder

Approval of Minutes of the AGM April 6, 2010

Chairman: Ike Schroeder

Annual Report Highlights
(PowerPoint Presentation)

General Manager; R. Havinga

2010 Audited Financial Statements

General Manager: R. Havinga

Motion: 2011 Auditor (KPMG)

Chairman: Ike Schroeder

Chairman's Report

Chairman: Ike Schroeder

Question Period

2010 Board of Directors



Back Row: Darrell McCoomb (Town of Bassano); Darren Drader (Village of Duchess); Bill Prentice (City of Brooks) John Timko (Village of Tilley)

Front Row: Noel Moriyama, Vice-Chairman (City of Brooks); Don Gibb (Village of Rosemary); Ike Schroeder, Chairman (County of Newell); Clarence Amulung (County of Newell)

Message from the Chairman of the Board

For 2010; the Board of Directors has had a challenging year. Newell Regional Services Corporation became a standalone business on January 1, 2010. The Water Treatment Plant, although owned by NRSC, was still being operated by the City of Brooks until October 1, 2010; at which time operation of the WTP was turned over to NRSC. The existing WTP operators were now employees of NRSC. All administration and operating costs became the full responsibility of the Corporation. Assets were turned over and preferred shares were issued. Pipeline projects were still in progress, a bankruptcy of a pipeline contractor occurred and negotiations with their bonding company presented a challenge for completion of the project, ongoing work at the WTP was continuing, as was the development of the 2011 budget and setting an appropriate water rate.

I want to take this opportunity to thank the members of the Board of Directors for their continued support and cooperation in working together to ensure that all municipalities and residents alike are treated equally and fairly, while striving to provide the resources to provide an environmentally compliant water supply and efficient services.

Ike Schroeder
Chairman of the Board

Facts and Figures

Total Cost of the Project (January 24, 2008)	\$46,452,000.00
Addition of Pipeline to Bassano (May 12, 2011)	<u>\$7,594,000.00</u>
	\$54,046,000.00

Funding Sources:

Alberta Transportation:

Alberta Municipal Water/Wastewater Partnership (AMWWP)	\$43,941,612.80
City of Brooks	\$6,370,490.00
County of Newell No.4	<u>\$3,733,897.20</u>
	\$54,046,000.00

Water Treatment Plant Capacity (32 MLD)	32,000 m3 per day
Pipeline to Tilley, Lake Newell Resort	31,050 l.m.
Pipeline to Rainier, Scandia, Rolling Hills	49,900 l.m.
Pipeline through Brooks	5,360 l.m.
Pipeline to Rosemary	36,400 l.m.
Pipeline to Patricia	16,200 l.m.
Pipeline to Bassano (in design phase)	~ <u>28,000 l.m.</u>
Total	166,910 l.m.
	Or
	166.91 km

Component Costs (including engineering design and construction management)

Water Treatment Plant including Membranes	\$23,000,000
Upgrades to existing Water Treatment Facilities	\$3,600,000
Transmission Main Construction	\$27,446,000

Message from the General Manager

January 1, 2010 was a very important date for Newell Regional Services Corporation. That date was the day that the Corporation became a standalone business and was responsible for all costs, payables and receivables, payroll and benefits and all matters that apply to any business. It is a milestone date that begins the history of Newell Regional Services Corporation.

Our thanks to the City of Brooks for the services they performed during the infancy of the Corporation. On April 16, 2010, the newly constructed membrane filtration component of the Water Treatment Plant (WTP) was brought into service and demolition of the old Brooks WTP began. With the expertise of the existing staff and the Operations Manager, Mr. Wayne Cooper, the change went very smooth and seamlessly. Alberta Environment issued a new Approval for the WTP and meeting regulations, with a new WTP, was now a priority that required teamwork of the design and engineering personnel partnered with the experience of NRSC staff. NRSC has met and/or exceeded all regulations. On October 1, 2010, the operating lease agreement with the City of Brooks was cancelled and NRSC became responsible for all costs, staffing, and responsibility of providing potable water. Residents of the City of Brooks, Lake Newell Resort and Tilley were now being served with water from the WTP. For NRSC personnel, this was a realization of a very exciting assignment.

Completion of various projects including transmission mains and upgrades (decommissioning) of the existing WTP's) was on the horizon. Unanticipated challenges such as weather and the bankruptcy of the contractor on the pipeline to Rolling Hills were challenges that were met and received strong guidance from the Board of Directors.

The 2010 budget was developed based on the project engineering study, a few month's history of various and complex components of the system and was approved by the Board of Directors considering efficiency, effective pricing and a reasonable rate for residents within the County of Newell. Sustainability of the system considering reasonable pricing will be the focus of the future.

2010 saw the development of various agreements for the supply of water and operational agreements between NRSC and member municipalities. NRSC supports the development of Certified Operators and that is reflected in the level of service and the dedication of NRSC personnel. Every employee shares in the goal of providing effective and efficient services but they also perform their duties with dedication and a cheerful attitude.

The first of Preferred Shares were issued to member municipalities in 2010. Preferred Shares will form a part of a long term strategy for a Business Plan to be developed.

The Town of Bassano applied to the Alberta Government for a grant to provide the transmission main to Bassano. Although the original plan did not include a connection for some years yet, this has now been advanced with the approval of the funding. Work has started on pipeline design and work will be proceeding in 2012.

The County of Newell has made a lot of progress in providing rural residents with water with the implementation of the County of Newell Water Project. The first residents to be connected to the NRSC system will be in the Duchess area in 2011/2012.

The Village of Duchess has applied to the Alberta Government for funding of a connection from the transmission main. To date the funding has not been approved but it is anticipated that approval will be forthcoming.

As General Manager, it has been a challenging but extremely rewarding period. Nothing could have happened without the guidance and direction from the Board of Directors. The execution of direction could not have happened without the attitude and teamwork of all of the NRSC personnel.

Newell Regional Services Corporation
Annual General Meeting
Of the Shareholders
Tuesday, April 6, 2010
7:00 p.m.
Heritage Inn, Brooks, AB

A Newell Regional Services Corporation AGM Meeting was held at the Heritage Inn on Tuesday, April 6, 2010 commencing at 7:00 p.m.

Members Present: See Attached

NRSC Staff: Ralph Havinga, *General Manager*
Wayne Cooper, *Operations Manager*
Carmen Chase, *Executive Assistant*

Call to Order

Chairman I. Schroeder called the meeting to order at 7:05 p.m.

Introduction of Board

Chairman, Ike Schroeder stated that this was Newell Regional Services Corporation's first Annual General Meeting and that he would provide as much information about the Corporation as possible.

Mr. Schroeder then introduced the Board of Directors of Newell Regional Services Corporation and asked invited guests to introduce themselves as well.

Introduction of Special Guest – Arno Doerkson - MLA

Chairman, Ike Schroeder introduced Special Guest, Mr. Doerkson, MLA for Brooks. Mr. Doerkson stated that he has had a keen interest with the Corporation and feels the project really suited the area. Mr. Doerkson feels this is a good investment from the Government's point of view and stated he was glad it started when it did with regards to a slump in the economy. Mr. Doerkson thanked NRSC for the all work being done.

Annual Report Highlights

Ralph Havinga, General Manager of NRSC introduced his staff and provided a Power Point Presentation focusing on the 2009 Annual Report Highlights. Some highlights included a Board of Director's Photograph and Message from the Chairman of the Board, Ministerial Order (NRSC), NRSC Mission Statement, Project Report, Summary of the Grant Program Funding Costs and the 2008/2009 Start up Costs.

2010 Auditor (KPMG)

Moved by Carol Charlton from the Village of Tilley that NRSC proceed with KPMG for the 2010 Audit for Newell Regional Services Corporation

Carried

Chairman's Report

Chairman, Ike Schroeder thanked R. Havinga, W. Cooper, C. Chase and the Board of Directors for their ongoing work with the Corporation. Mr. Schroeder thanked MPE Engineering and the Eastern Irrigation District for all of support and knowledge with the water system. Mr. Schroeder made special mention to Mr. Dave McIntyre who was instrumental in helping NRSC receive grant money. Mr. Schroeder briefly discussed the cost of maintaining the pipeline for the years to come then invited guests to ask questions concerning the pipeline and NRSC.

Adjournment

Moved by Ken Andrejcin, from the Town of Bassano that the meeting be adjourned at 8:50 p.m.

Carried.



newell
REGIONAL SERVICES CORP.

AGM- Record
Annual General Meeting
7:00 p.m. April 6, 2010
Heritage Inn, Brooks, AB

Name	Community	E-mail address
Ralph Haining	NRSC	r.haining@brooks.ca
Wayne Cooper	NRSC	wcooper@brooks.ca
NOBU MURAYAMA	BROOKS	NMURAYAMA@BROOKS.CA
IKE SURBORER	COUNTY X	
HAROLD WUTZKE	County	
BILL PRINCE	BROOKS CITY	
Manda Matheson	City of Brooks	
Audrey Wilcox	Town of Bassano	daisey4@telus.net
Sabine Nasse	Town of Bassano	
Jeannette Zahn	Village of Tilley	
Sheryl Evans	County	
Alexandra	TOWN OF BASSANO	
ALLEN EASTMAN	ROSEMARY	
John Timko	Tilley	
CAROL CHARLTON	Tilley	
Molly Douglas	County of Newell	douglassm@countyofnewell.ab.ca
Jackie Blain	County of Newell	
Don Gibb	Village of Rosemary	
Mike Horvath	County of Newell	
CARMEN CRASE	NRSC	

FINANCIAL STATEMENTS

Executive Summary

The following pages are the financial statements of the Corporation, as audited by KPMG. Newell Regional Services Corporation financial reporting system comes under Accounting Standards for Private Enterprise (ASPE) and has been prepared according to those standards.

Revenue

\$560,732.00

All costs for operating the WTP were paid by the City of Brooks. Although the WTP was owned by NRSC, the City still operated the plant. All water sold by NRSC to the County of Newell for Lake Newell Resort, Rainier, Scandia and Rolling Hills and the Village of Tilley; was sold at \$0.40. The water was purchased from the City of Brooks for the same price. In October of 2010, NRSC took over all of the operating and maintenance costs. The existing City staff were also now employees of the Corporation. Since NRSC was now operating the WTP the cost for water to the City of Brooks was not being paid and that revenue was realized by NRSC. Other revenues came from the cost recovery of operating distribution and sanitary sewer systems of member municipalities.

Expenses

\$1,227,489.00

Expenses included \$647,965 in operating expenses and \$579,000 in administrative costs. Since this is the first year of NRSC operation and revenue from the sale of water was contingent upon the completion of projects and connections to the transmission main, revenue was anticipated but not actually realized. The Board of Directors was aware that revenue may not meet expenses in the first year of operation. The date of the turnover of the WTP was also a factor and was unclear at the time of 2010 budget preparations in 2009.

Liabilities

\$5,899,199

Long term liabilities includes \$550,000 loan payable to the County of Newell, \$324,773 note payable to the City of Brooks and the issuance of preferred shares (\$5,035,144) make up liabilities of the Corporation.

Assets

\$4,114,526

Assets consist of the WTP (land and buildings) and the Tilley Control House where the transmission main to Tilley terminates and water enters the Tilley Water Storage Reservoir. Automobiles and office equipment make up the balance of assets.

Newell Regional Services Corporation
Financial Statements
December 31, 2010



KPMG LLP
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400 - 4th Avenue South
Lethbridge AB T1J 4E1
Canada

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Independent Auditors' Report

To the Board of Directors of Newell Regional Services Corporation:

We have audited the accompanying financial statements of Newell Regional Services Corporation ("The Corporation") which comprise the balance sheet as at December 31, 2010, and the statements of loss, retained earnings, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Standards for Private Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Newell Regional Services Corporation as at December 31, 2010, and the results of its financial activities and its cash flows for the year then ended in accordance with Accounting Standards for Private Enterprises.

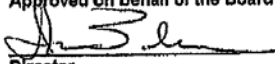
Chartered Accountants

June 22, 2011
Lethbridge, Canada

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Newell Regional Services Corporation
Balance Sheet
As at December 31, 2010

Assets	
Current	
Cash (Note 4)	\$ 161,208
Accounts receivable	270,837
Prepaid expenses and deposits	20,895
Current portion of notes receivable (note 6)	26,360
	489,200
Property, plant and equipment (Note 5)	4,114,526
Notes receivable (Note 6)	52,722
	\$ 4,636,448
Liabilities	
Current	
Accounts payable and accrued liabilities (Note 7)	\$ 278,277
Current portion of notes payable (Note 9)	68,720
	346,997
Long-term debt (Note 8)	560,000
Notes payable (Note 9)	266,053
	1,183,050
Share capital and deficit	
Share capital (Note 10)	6,035,224
Deficit	(1,551,826)
	3,483,398
	\$ 4,636,448

Approved on behalf of the Board

 Director

The accompanying notes are an integral part of these financial statements

Newell Regional Services Corporation
Statement of Earnings (Loss) and Retained Earnings (Deficit)
For the year ended December 31, 2010

Revenue	\$ 580,732
Operating expenses	100,588
Amortization	33,121
Automotive	52,663
Chemicals	14,481
Contract services	56,024
Professional fees	27,444
Repairs and maintenance	210,268
Salaries, wages and benefits	28,749
Supplies	25,172
Testing	99,495
Utilities	647,985
Administrative expenses	2,213
Advertising	1,196
Amortization	92
Bank charges and interest	24,283
Computer software and support	12,055
Insurance	24,033
Office supplies	59,766
Professional fees	4,806
Rent	7,465
Repairs and maintenance	391,402
Salaries, wages and benefits	3,228
Supplies	23,039
Telephone	8,461
Training	15,054
Travel and entertainment	2,382
Workers compensation	579,524
	1,227,489
Earnings (loss) from operations	(666,757)
Other income (expense)	(890,000)
Loss on disposal of property, plant and equipment	553
Interest income	4,378
Other revenue	(885,068)
Net loss for the year, being deficit end of year	\$ (1,551,826)

The accompanying notes are an integral part of these financial statements

Newell Regional Services Corporation
Statement of Cash Flows
For the year ended December 31, 2010

	2010
Cash provided by (used for) the following activities	
Operating activities	
Net loss for the year	\$ (1,551,826)
Items not involving cash:	
Amortization	101,764
Loss on disposal of property, plant, and equipment	890,000
Change in non-cash financial assets and liabilities	
Accounts receivable	(270,937)
Prepaid expenses and deposits	(20,695)
Accounts payable and accrued liabilities	276,277
	(673,417)
Financing activities	
Advances on long-term debt	550,000
Issue of preferred shares	5,024,426
Advances on notes payable	324,773
	5,899,199
Investing activities	
Acquisition of property and equipment	(5,095,672)
Advance of notes receivable	(78,082)
	(5,174,654)
Increase in cash and cash equivalents	151,128
Cash and cash equivalents, beginning of year	80
Cash and cash equivalents, end of year	\$ 151,208

The accompanying notes are an integral part of these financial statements

Newell Regional Services Corporation
Notes to the Financial Statements
For the year ended December 31, 2010

1. Incorporation and operations

Newell Regional Services Corporation (the "Company") was incorporated under the Business Corporations Act of Alberta on October 27, 2008 and operates under a Ministerial Order pursuant to sections 73 and 250 of the Municipal Governments Act of Alberta and the Newell Regional Services Corporation Regulation of the Municipal Government Act of Alberta. The Company treats and supplies water to the areas of County of Newell, City of Brooks, Village of Rosemary, Village of Tilley, Town of Bassano, and Town of Duchess. Active operations commenced on January 1, 2010.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	2.22 %
Automotive	straight-line	20.00 %
Equipment	straight-line	10.00 %
Office equipment	straight-line	10.00 %
Water mains and pipeline	straight-line	1.33 %

Amortization commences once construction is complete and the asset is available for use.

Long-lived assets and discontinued operations

Long-lived assets consist of property, plant and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in earnings (loss) for the year.

Revenue recognition

The majority of the Company's revenues are derived from the sale of water. Revenues under long-term sales contracts generally include one or more of the following components: fixed capacity payments for being available, availability incentives, and penalties for exceeding targets. Each is recognized upon output or delivery, on the basis of regular meter readings.

Newell Regional Services Corporation
Notes to the Financial Statements
For the year ended December 31, 2010

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization of plant and equipment is based on the estimated useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the period in which they become known.

Financial Instruments

The Company recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value, including financial assets and liabilities originated and issued in a related party transaction. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 *Related Party Transactions*.

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has not made such an election during the year. Fair value is determined by similar values used in arms length transactions.

The Company subsequently re-measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published values. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Company's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently re-measured at fair value are immediately recognized in net income. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently re-measured at amortized cost or cost.

3. Impact of adopting Canadian accounting standards for private enterprises

The Company commenced active operations January 1, 2010. These are the Company's first financial statements and are prepared in accordance with Canadian accounting standards for private enterprises (ASPE). The accounting policies in Note 2 have been applied in preparing the financial statements for the year ended December 31, 2010.

4. Cash and cash equivalents

Petty cash	\$	250
Bank		150,958
		\$ 151,208

Newell Regional Services Corporation
Notes to the Financial Statements
For the year ended December 31, 2010

5. **Property, plant and equipment**

	Cost	Accumulated amortization	Net book value
Land	\$ 615,533	\$ -	\$ 615,533
Buildings	3,017,088	86,808	2,950,280
Automotive	140,022	28,004	112,018
Office equipment	11,958	1,196	10,762
Water mains and pipeline	431,709	5,756	425,953
	\$ 4,216,280	\$ 101,764	\$ 4,114,526

6. **Notes receivable**

Notes receivable consist of the following:

Note receivable bearing interest at nil, payable in annual instalments of \$26,360 to 2013	\$ 79,082
<u>Less current portion</u>	<u>28,360</u>
	\$ 52,722

7. **Trade and other payables**

Trade accounts payable	\$ 208,854
Employee benefits payable	31,042
Goods and Services Tax payable	973
Vacation pay payable	37,708
	\$ 278,277

8. **Long-term debt**

Long term debt consists of a term loan bearing interest at nil, payable in a lump sum of \$550,000 due 2013.

9. **Notes payable**

Notes payable consist of the following:

Note payable, bearing interest at nil (2009 - nil) and payable in annual instalments of \$68,720 to 2015	\$ 324,773
<u>Less current portion</u>	<u>68,720</u>
<u>Long term notes payable</u>	<u>\$ 256,053</u>

Newell Regional Services Corporation
Notes to the Financial Statements
For the year ended December 31, 2010

10. Share capital

Issued:

Common shares		\$	20
20	Class A, common shares, voting		20
20	Class B, common shares, voting		10
10	Class C, common shares, voting		10
10	Class D, common shares, voting		10
10	Class E, common shares, voting		10
10	Class F, common shares, voting		10
			80
Preferred shares			4,950,966
4,950,966	Class G, preferred shares, non voting (\$4,950,966 in aggregate)		73,460
73,460	Class H, preferred shares, non voting (\$73,460 in aggregate)		10,718
10,718	Class I preferred shares, non-voting (\$10,718 in aggregate)		5,035,144
			5,035,144
		\$	5,035,224

During the year, assets were acquired from the shareholder municipalities for consideration aggregating \$5,035,144. The acquisitions were settled by issuance of preferred shares.

11. Financial Instruments

The Company, as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

The Company is exposed to concentrations of credit risk through trade accounts receivable. Company sales are concentrated in the water treatment and supply industry; however, credit exposure is limited due to the Company's municipal customer base.



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Newell Regional Services Corp.
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Brooks, AB T1R 1B6

Private & Confidential
Attention: Ralph Havinga, General Manager

September 23, 2011

Dear Ralph:

We are delighted to submit our fee proposal to provide external audit services to the Newell Regional Services Corp. ("NRSC") for the fiscal year ending December 31, 2011. We are very excited to continue to work with your organization, and see this as an important opportunity for KPMG.

	Fee Estimate 2011 (note 3)
Base audit:	
Financial statements and assistance with the preparation of the corporate income tax return	\$ 9,800
Local authorities pension plan (note 1)	
Drafting of financial statements, presentation and disclosure	1,500
	<u>\$ 11,300</u>
Other services (note 2):	
Review of chart of accounts, architecture and documentation	\$ 2,000
Review billing practices and cost recovery transaction, and documentation thereof	2,400
Review of existing financial policies over financial reporting and gap analysis. Assistance with developing additional policies.	4,000
	<u>\$ 8,400</u>

1. External reporting for participation in the Local Authorities Pension Plan is not required for the 2011 employer year.
2. Estimate based upon expected hours. Fee reduction will be applied based on scope. Additional fees, based on increased scope, if any, will be discussed in advance of any work undertaken.
3. Fees are exclusive of GST and out of pocket costs

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September 23, 2011

Each member of our team has been selected for their fit with the organization's values and their knowledge of NRSC, its operations, and the public sector. We are committed to continual, proactive communication with you.

We look forward to continuing to work with you.

Yours truly,

A handwritten signature in black ink, appearing to read 'Mark J. DeBlois'.

Mark J. DeBlois

Partner

MJD:tg