

**Prince Edward Island Snowmobile Association
Trail Permit Funding Agreement
April 1, 2003 - March 31, 2006 (3 years)**

1. Trail Permit Funding Agreement

This document will be known as the "Trail Permit Funding Agreement" or "The Agreement" in its short form.

2. Permit Fee Breakdown

The agreement authorizes that the trail permit fee is to be broken down in a 70/30 split determined as: the total permit revenue - (minus identified costs multiplied by the agreed percentage per club). The percentage and identified cost items are listed below and may not be changed without the consent of all three parties. The total permit revenue is defined as the base permit fees (\$100 for 2003/04) less the applicable GST plus 3 day permit fees (\$50 for 2003/04) less the applicable GST as determined by the PEISA on a yearly basis

Agreed cost items

1. 15% of cost of the snowmobile used as a promotional tool for 2003/04 only
2. 15% of permits printing costs for 2003/04 fiscal year only

The permit revenue percentage split is defined as 70% to the PEISA, and 30% to be divided equally between recognized snowmobile grooming clubs.

3. Recognized Snowmobile Grooming Clubs

The agreement recognizes the following snowmobile grooming clubs and the number of groomers they operate under the terms of this agreement:

1. Kensington Snowmobile Association (KASA); 1 groomer
2. Springside Snowmobile Club (SSC). 1 groomer
3. PEI Snowmobile Association 3 groomers

4. Trail Permit Fee

The trail permit will be set by the PEISA Board of Directors.

All trail permits and related permit fees must be returned and accounted for by the club which distributed those permit books. All trail permits (individual permits or permit books) which are not returned will assumed to have been sold by the club to which they were assigned and the appropriate revenue amount will be accredited to said club.

5. Insurance Fund

The PEISA agrees to maintain an insurance fund for which all insurance related costs will be charged against. Costs will include trail & equipment insurance including deductible amount on claims and starting in December 1st, 2004, accident investigation costs.

All funds collected as an insurance surcharge (\$75 in 2003/04) as determined by the PEISA on a yearly basis will be applied against these costs. In the event of a shortfall, revenue from the late permit fee (\$50 in 2003/04) will be applied against the shortfall in the amount required to balance out the fund. Any further deficit will be rolled over into future years.

6. Grooming Reporting Requirements

Each signatory to this agreement is required to provide to each partner a detailed listing of the activity of the groomer including date of each use and hour or miles associated with each use.

7. Financial Reporting Requirements

Each signatory to this agreement is required to provide to each partner, within six months of their respective year-end, a copy of their annual financial statements.

8. Grooming Club Requirements

Each signatory to this agreement is required to groom a minimum of twice per week snow conditions permitting.

Each signatory must own or lease and operate a trail groomer of a minimum of 100 h.p. combined with a minimum 8 foot drag.

Each signatory must ensure all trail signage is in place prior to the opening of the trails on December 1st of each year, and may be removed after March 31st of the following year.

Each signatory is required on occasion to evaluate the trail grooming of the other signatories and to meet and discuss any issues arising from such a review.

9. Directors / Officers Insurance

The PEISA will extend the offer for other snowmobile clubs on Prince Edward Island to purchase Directors and Officers insurance under the policy of the PEISA provided they meet the criteria and pay the fee as established by the insurance company.

10. Permit Fee Settlement Terms

The signatories to the agreement will meet by March 31st of each year to determine any outstanding balances due or owed and to make settlement at that meeting.

We hereby sign below in agreement of the 2003-2006 Trail Funding Agreement.

For the PEISA

name: _____ date:

position title: _____

For the Kensington Area Snowmobile Association

name: _____ date:

position title: _____

For the Springside Snowmobile Club

name: _____ date:

position title: _____