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April 25th 1921

G. D. Marshall, Esq.,
Manager, Okanagan Centre Irrigation
and Power Company Limited.
Okanagan Centre, B.C.

Dear Sir,

I have communicated to the Trustees of the District the substance of our conversation of April 16th, in the course of which your read to me a letter from Mr. Howard of the Trusts and Guarantee Company in which he intimated that his company, as Trustee for the Bondholders, is not prepared to carry out the projected addition to the dam at the outlet of Beaver Lake nor to consent to the District doing so, and in which he suggests that in his opinion if the Trustees of the District consider that it is essential to proceed with this project forthwith, the best course would be for the District to take over the whole irrigation system and that his Company would be prepared to finance such a deal by way of debentures including sufficient to provide for the proposed further storage works.

I believe that the above summarizes, in brief, the gist of Mr. Howard's letter.

The Trustees regret very much that the Trust Company do not recognize the extreme urgency of providing further storage for the District. In their opinion the provision of further storage is absolutely essential if the present lands in the District are to continue in active production, and a repetition of the acute shortage of water which has taken ~~its~~ place in several recent years will be absolutely fatal to the prospects of the land owners including the Okanagan Valley Land Company. If their fears prove well grounded and the process is carried far enough, it would appear that the Bondholders' interests will be jeopardized at least as much as by any risk they might incur by consenting to the construction of the proposed works. The Trustees consider that in this matter the interests of all parties are absolutely mutual, and would urge on your principals that this matter of further storage be considered on its own merits, and apart from any proposition leading to the taking over of the entire system by the District.

The Matter of the District taking over the system involves a great many problems, on which the Trustees could not commit themselves without thorough investigation and full consideration, but since Mr. Howard has made the suggestion the Trustees, without prejudice to the legal rights of the District, would like to have the following information in order to decide if there is sufficient likelihood of arriving at a practicable basis of transfer to justify them in giving the matter further consideration.

- (1) Are the Bondholders prepared to state the amount for which they would transfer the entire irrigation system to the District, and if so what is that amount ?
- (2) If that price is not satisfactory to the District have they any suggestion to make as to the procedure to be followed in arriving at a mutually satisfactory figure ?
- (3) If a price can be arrived at, are the Trust and the Company prepared to finance the transfer with a sufficient amount to carry out the storage works, by means of debentures at terms and rate of interest.