

(GORDON & GORDON)
Barristers & SolicitorsP. H. GORDON, K.C.
F. G. WEIR, LL.B.
R. G. HAMILTON
E. H. M. KNOWLESGORDON BUILDING
REGINA, SASK.

20th January, 1934.

The Deputy Superintendent General of Indian Affairs,
Ottawa,
Ont.

Your ref. 312964ty

Re: The King vs. Town of Carlyle
Our file W-212

Dear Sir,-

We acknowledge receipt of your letter of the 15th of
January.

In order to make clear the first point upon which you ask for information, we might say that the Town of Carlyle receives revenue from the Resort (1) from the rental of cottage sites; and (2) from the rental of concessions such as the hotel, stores, dance hall and undertakings of that nature. The agreement of the Town is that it will pay as part of the rent 10% of the gross revenue; but gross revenue in the case of all undertakings, other than the rental received for cottage sites, has been specially defined in the lease, this the special and limited definition not referring to the cottage rentals. The effect as you will see is that in so far as cottage rentals are concerned, the Town will pay 10% of the gross receipts as the term is usually understood; but in the case of the other undertakings will pay 10% of the gross amount received after certain deductions have been made from what would otherwise be gross revenue. The cottages in all cases have been erected by the sublessees.

Regarding the second point, it has been agreed as set out in the lease that the Town will be entitled to deduct from the revenue from undertakings an annual percentage for depreciation, and in order to fix the sum upon which this annual deduction would be made, the amounts set out on page 4 have been agreed as being the amount of capital invested by the Town in these undertakings, which, at the time mentioned, had not been recovered back by the Town from the operation of these undertakings; in other words, for example, while the Town may have originally invested in the hotel \$7,000, it has recovered back \$2,000 of its invested capital and has still therefore \$5,000 capital invested in the buildings. In the event of there being a mortgage on the hotel, (which we do not believe is the case) the depreciation would be on \$5,000 only from January 1st, 1933.

With regard to your third observation, this has been to some extent answered, by number two. The buildings have been