

JOINT CONSTRUCTION AND OPERATION OF FACILITIES AGREEMENT

BETWEEN:

TOWN OF _____, a municipal corporation under The Urban Municipality Act

Hereinafter referred to as the "Town"

-and-

THE RURAL MUNICIPALITY OF _____ NO. ___, a municipal corporation pursuant to The Rural Municipality Act

Hereinafter referred to as the "R.M."

WHEREAS the parties wish to enter into an Agreement for the purpose of constructing and operating a municipal administration office upon the land described in Schedule "A";

AND WHEREAS the parties by this Agreement wish to provide for the construction and operation of a municipal maintenance building in the future;

AND WHEREAS the parties wish to set out their respective rights and responsibilities in this Agreement;

IN CONSIDERATION of the mutual promises contained in this Agreement, the parties agree with each other as follows:

The Town and the R.M. agree that they wish to hold title to the property described in Schedule "A" ("the land and building") in equal shares, and wish to contribute equally to the capital costs of acquiring the land, building and fixtures. The parties further agree that all operation costs associated with the building are to be split equally between them.

Part I: Acquisition and Construction Costs.

1.1 The R.M. acknowledges that the Town is the registered owner of the subject land and agrees that the value of the land for the purpose of this project is \$3,000.00. The parties acknowledge that with their joint agreement the Town has purchased a building located in the Town of Porcupine Plain as shown on the Agreement for Sale attached as Schedule "B". The parties initially intended that this building would be moved to the land shown on Schedule "A" and refurbished and renovated for use as a municipal administration centre.

1.2 The parties have now agreed that it is more cost effective and appropriate to construct a new building on the same site. The costs and proceeds of the purchase and sale of the property on Schedule "B" shall be considered part of the acquisition and construction costs of this overall project and, therefore, shall be split equally between the parties as provided.

1.3 The parties agree that the building and property shall be occupied by the administrative

staff of the Town and R.M. on a day-to-day basis and shall be utilized by the Town and the R.M. for their council meetings.

1.4 The parties agree that the entire costs associated with obtaining the property, preparation of the land and foundation, construction of the building, as well as all electrical, mechanical, legal and architectural fees associated with the project shall be considered the capital cost of the property, and the entire cost is to be split equally between the parties.

1.5 The Town agrees that they will administer the payment of all bills associated with the construction and preparation of the building for occupancy. The Town shall submit copies of all paid invoices to the R.M. on the first day of each month and the R.M. shall pay to the Town one-half of the invoices paid by the Town within thirty days thereafter.

1.6 All decisions with respect to the construction of the building shall be done on the joint basis under the direction of the administrators for the Town and R.M. The Town and the R.M. hereby authorize their administrators to authorize their decisions with respect to the construction of the property in accordance with the directions supplied by the respective parties.

Part II: Joint Operations:

2.1 The parties acknowledge that all space contained in the said building is for their joint use, but that allocation of space for use on a day-to-day basis will be made by agreement between the parties.

2.2 The parties shall be responsible for equal sharing of all costs associated with the maintenance and operation of the property, including electrical, mechanical and physical repair and maintenance, including all fixtures located on the property. The parties shall be jointly responsible for the maintenance and service of all jointly owned office equipment. The parties shall be jointly responsible for the cost of all operations including utilities, insurance and any other expenses associated with the use and occupation of the property.

2.3 Each party shall be responsible for their own telephone, facsimile and computer services. The Town shall charge to the building its normal sewer and water usage rates, which shall be considered part of the operational cost of the property.

2.4 The parties agree that any revenue generated from the rental or use of the property by parties other than the R.M. and the Town shall be applied to the total operating cost of the property.

2.5 The Town shall be responsible for the initial payment of all expenses associated with the parties' use and occupation of the property, and to provide the R.M. with the invoices showing the cost of such operations on the first day of each month. The R.M. is to pay one-half of the said cost to the Town within thirty days thereafter.

2.6 All decisions with respect to the continued maintenance, repair and operation of the structure shall be made on a joint basis between the parties.

Part III: Termination of Agreement:

3.1 The parties agree that each must give the other one year's notice of their intention to terminate this agreement and to vacate the subject property.

3.2 No notice of termination can be given by either party before July 1st, 1995, or the occupation of the subject property by the parties whichever is sooner.

3.3 It is agreed between the parties that neither party may sell, transfer, assign or otherwise dispose of its interest in the subject property, except in accordance with the terms of this Agreement.

3.4 Upon the one year notice of termination of the agreement being given by either party ("the terminating party"), the non-terminating party ("remaining party") shall have an option to purchase the interest of the terminating party at the conclusion of the notice period upon the following terms and conditions:

- (a) The total capital cost of the building shall be determined by adding all costs associated with the purchase, acquisition, movement, renovation and site preparation of the subject property.
- (b) The property shall be depreciated for the purpose of this Agreement on a straight line depreciation basis in which 15% of the total capital cost of the property shall be charged as depreciation for each of the first two years following occupation of the property. For the next seven years, the property shall be depreciated on a straight line basis at the rate of 10% of the total capital cost of the property per year.
- (c) The remaining party shall pay to the terminating party, one-half of the undepreciated value of the property as determined by the above formula at the conclusion of the notice period. In the event that the termination date does not fall on the anniversary date of the occupation of the property, the depreciation for the year in question shall be charged on a proportionate basis that the number of months of depreciation bear to the depreciation rate for that year.

- (d) The remaining party shall pay the purchase price so determined by three annual equal instalments, the first payment to be made on the date of termination.
- (e) No interest shall be paid on the annual instalments to be made so long as the instalments are made as required under this Agreement. If any payment to the terminating party is not made when due, then interest shall accrue on the unpaid principal balance then remaining at the Bank of Nova Scotia prime rate in effect from time to time plus Two (2%) per annum. In the event that the remaining party does not exercise its option to purchase the property in the fashion indicated, the terminating party shall pay to the remaining party, the purchase price of the property as determined in this clause, and in such case, the terminating party shall be entitled to possession of the property on the termination date.

3.5 In the event that the remaining party exercises its option to purchase of the subject property, the terminating party shall cease occupation of the subject property on the date of termination.

3.6 For the purpose of this Agreement, the date of termination is the date one year following the written notice of termination being provided to the remaining party.

Part IV: Joint Maintenance Shop

4.1 The parties agree with each other to acquire, construct and operate a joint maintenance shop to be utilized for the storage, repair and maintenance of equipment and assets owned by the parties and utilized by them in carrying out the duties and responsibilities imposed upon them by their incorporating statutes.

4.2 The joint maintenance shop shall be purchased and operated on a capital and operational basis in the same fashion as the administrative centre.

4.3 The parties agree that the joint maintenance shop shall be constructed and occupied no later than December 31st, 1996.

Part V: Arbitration

5.1 Any dispute or disagreement arising from the parties' inability to come to a joint decision on the capital or operational part of this Agreement that is not settled by mutual negotiation can be referred by either party to a single arbitrator for binding arbitration pursuant

to the provisions of The Saskatchewan Arbitration Act. The decision of the arbitrator shall not be subject to review by a court of competent jurisdiction, excepting the arbitrator's jurisdiction to make such a decision.

5.2 Any dispute arising between the parties in relation to the termination or maintenance shop joint venture that is not settled by mutual negotiation can be referred by either party to a single arbitrator for binding arbitration pursuant to the provisions of The Saskatchewan Arbitration Act. The decision of the arbitrator shall not be subject to review by a court of competent jurisdiction, excepting the arbitrator's jurisdiction to make such a decision.

Part VI: Miscellaneous

6.1 This Agreement shall not be assigned without the written consent of both parties.

6.2 In the event of amalgamation by one of the parties with a similar municipal government, this Agreement shall be binding upon the amalgamated municipality.

IN WITNESS WHEREOF THE TOWN OF _____ has hereunto affixed its corporate seal duly attested by its proper officers in that behalf this _____ day of _____

TOWN OF _____

PER:

PER:

IN WITNESS WHEREOF the RURAL MUNICIPALITY OF _____ NO. _____ has hereunto affixed its corporate seal duly attested by its proper officers in that behalf this _____ day of _____

RURAL MUNICIPALITY OF _____

NO. _____

PER:

PER: