

THIS AGREEMENT MADE THE 17th day of October, 2016.

BETWEEN:

THE TOWN OF PILOT BUTTE,
(hereinafter referred to as "Pilot Butte")

OF THE FIRST PART

- and -

THE TOWN OF BALGONIE
(hereinafter referred to as "Balgonie")

OF THE SECOND PART

WHEREAS Pilot Butte and Balgonie entered into an Agreement dated October 28, 2013, a true copy of which is attached hereto and marked as Schedule "A" (hereinafter referred to as the "2013 Agreement");

AND WHEREAS under the 2013 Agreement, the parties hereto commenced a collaboration to operate and use the Pilot Butte Water Treatment Plant for their mutual benefit on the terms set out therein;

AND WHEREAS the parties hereto now seek to further solidify and enhance their collaboration with a view to making it an enduring relationship that will facilitate the healthy, long-term growth of their respective communities through the shared use of the Pilot Butte Water Treatment Plant on the terms more fully set forth below;

NOW THEREFORE, THIS AGREEMENT WITNESSES THAT THE PARTIES HERETO AGREE AS FOLLOWS:

1. Definitions

- 1.1 In this Agreement the following words and phrases shall have the following meanings:

- (a) "Act" means *The Municipalities Act* (Saskatchewan), as amended from time to time;
- (b) "Dam 3" means 1000 cubic meters;
- (c) "Delivery Point" means the point located within Pilot Butte's corporate limits, from which treated water exits Pilot Butte's Water Treatment Plant and enters Balgonie's connected Transmission Pipeline;
- (d) "Transmission Pipeline" means the treated water pipeline along with the related connections, equipment and facilities that have been constructed and maintained by Balgonie at its own cost, and that has and will be used to transmit treated water to Balgonie under this Agreement;
- (e) "GPM" means gallons per minute;
- (f) "Operating Cost" means as set out in paragraph one (1) in Schedule 'B'.
- (g) "Operating Consumption Rate" means the rate as described in Schedule "B".
- (h) "Production Cost" means the costs related to producing and providing water. Production costs include a variety of expenses including, but not limited to, labour, utilities, chemicals, membrane replacement and waste water treatment;
- (i) "Subscriber" means the maximum number of developed lots/units located within Balgonie's corporate limits to receive the delivery of treated water;
- (j) "Treated Water" means drinking water as defined under The Waterworks and Sewage Works Regulations made pursuant to *The Environmental Management and Protection Act*, 2010 (Saskatchewan), as amended from time to time;
- (k) "Treated Water Supply Rate" means, subject to Article 4 of this agreement, the Constant Capital Payment and the Operating Consumption Rate imposed on Balgonie by Pilot Butte as specified in Schedule "B".

2. Term

- 2.1 The term of this agreement shall commence on January 1, 2017 (hereinafter referred to as "the Commencement Date"), and subject to paragraphs 2.2 and 2.3 below, shall continue indefinitely.
- 2.2 Either party may terminate this agreement without cause, upon providing the other with:
- (a) Five (5) years' advance notice in writing; and
 - (b) a non-refundable payment of \$5,000,000.00, the full amount of which shall be delivered together with the written notice in (a) above.

For greater certainty, the notice in (a) above shall not be effective unless it is accompanied by the payment in (b) above, which payment shall be in certified form and shall be releasable to the recipient unconditionally.

- 2.3 Either party may terminate this agreement for cause, provided the party seeking to terminate for cause has first given the other party notice in writing of the breach complained of, and sixty (60) days from delivery of the notice to correct said breach, failing which the party providing the notice may terminate this agreement and seek recovery of any damages flowing from the breach of the defaulting party thereafter.

3. Water Allocation and Supply

- 3.1 On the Commencement Date, Pilot Butte shall deliver a treated water supply to Balgonie.
- 3.2 Pilot Butte agrees to provide 240 dam³/per year of treated water (equivalent to 300 dam³/per year of raw water) to Balgonie. Balgonie remains responsible for maintaining a Water Rights License from the Water Security Agency allocating up to 300 dam³/per year of raw water from the Zehner Aquifer supplied through works owned and operated by Pilot Butte. The Water Security Agency's existing Water Rights License issued to Pilot Butte allocates to Pilot Butte raw water up to 700 dam³/per year. This level of allocation shall remain in force until such time as the combined development of Pilot Butte and Balgonie requires 700 dam³/per year of raw water. At such time more allocation is required Pilot Butte will initiate negotiations with the Water Security Agency to increase allocations.

- 3.3 Pilot Butte shall use reasonable diligence and care to provide regular and uninterrupted service of treated water to Balgonie, however, Balgonie acknowledges that the supply and pressure of treated water will be subject to periodic interruption arising from operational and maintenance requirements relating to Pilot Butte's treated water supply.
- 3.4 Notwithstanding anything herein to the contrary, Pilot Butte shall not be responsible for interruption of the supply of treated water caused by Acts of God (including fire, flood, earthquake, storm, tempest or other natural disaster), war, government sanction, blockage, or any other reason or cause outside of the control of Pilot Butte.
- 3.5 Any water rationing policies or other delivery restrictions that may apply from time to time to residents of Pilot Butte shall apply on an equivalent basis to residents of Balgonie, or any third parties referred to in paragraph 4.3 below.

4. Treated Water Rates and Payment

- 4.1 During the Term of this Agreement Balgonie shall pay to Pilot Butte the Treated Water Supply Rates in accordance with Schedule "B" attached hereto.
- 4.2 Balgonie agrees and acknowledges that the Operating Consumption Rates as set out in Schedule "B" will be reviewed annually. The cost will be adjusted by Pilot Butte for the next calendar year beginning January 1 in each year of the Term based on the corresponding actual operating costs for the previous period of November 1 to October 31 with an escalation of 0.5 times the Saskatchewan consumer price index for the previous year. On or before the 1st day of December in each year of the Term Pilot Butte shall notify Balgonie in writing of the Operating Consumption Rate for the following year, along with associated supporting documentation confirming the change in operational production costs.
- 4.3 Subject to section 3 above, Pilot Butte may at any time during the term of this agreement, sell and deliver, or offer to sell and deliver treated water of equivalent or better quality to any person or persons outside its municipal boundaries, including any municipal corporation, in like or lesser quantities and at a price the same as or different than the price to be paid by Balgonie hereunder. In the event a lower price is offered to and

accepted by such third party, the price paid thereafter by Balgonie for all treated water delivered hereunder shall be at the same lower price for as long as the lower price to the third party remains in effect.

- 4.4 Pilot Butte shall provide Balgonie with monthly invoices on the 1st business day of each month for the supply of treated water delivered in the previous month. Balgonie shall pay the amount of each invoice within thirty (30) days from the date on which the invoice is issued.
- 4.5 Any amounts remaining unpaid beyond thirty (30) days following the date the invoice is provided pursuant to paragraph 4.4 will bear interest at a rate of 2% per month, calculated and compounded monthly (or 26.82% calculated annually) from the date the invoice was issued until payment is received by Pilot Butte.
- 4.6 If any amount remains unpaid for more than ninety (90) days following the date on which an invoice is provided pursuant to clause 4.4, Pilot Butte may in addition to its rights under 2.3 above, sue for the overdue and outstanding amounts owing including principle, interest and its costs incurred to recover same on a solicitor client basis.
- 4.7 In the event of any discrepancies between the meter reading from the meter located at Pilot Butte's delivery point and the meter located at the entry point of Balgonie town limits, the water meter located at Pilot Butte's delivery point shall be deemed the correct reading.

5. Infrastructure

- 5.1 Under the 2013 Agreement Balgonie caused to be constructed the following at its sole expense:
 - (a) a Transmission Pipeline and related connections to Pilot Butte's Water Treatment Plant;
 - (b) two supply pumps within the Pilot Butte Water Treatment Plant dedicated to supplying the Distribution Pipeline;
 - (c) a meter located at Pilot Butte's delivery point and at the entry point of the Balgonie town limits, to calculate and verify the volume of treated water supplied under this agreement;

(all of which is depicted on the attached Schedule "C").

- 5.2 Balgonie, as the sole owner of the Transmission Pipeline, has caused an interest for a right of way, to a maximum of ten (10) metres, for said pipeline to be registered on the certificate of title to Lot 3, Block F, Plan 102012129 as shown on Schedule "D" to be attached to this agreement no later than November 30, 2016.
- 5.3 Pilot Butte and Balgonie agree to revisit this agreement from time to time to negotiate Balgonie's contribution towards the future additional capacity needs of Pilot Butte's water and sewer (*i.e.* lagoon, water treatment plant, water supply) infrastructure. Balgonie has previously applied for a Building Canada Fund Grant for the installation of two (2) Reverse Osmosis filtration units, membranes and pumps, the total cost of which was \$2,270,780.00, which has enhanced the Pilot Butte Water Treatment Plant. Balgonie will be credited 2/3's of this total cost against its share of any future capital upgrades hereafter negotiated between the parties pursuant to this paragraph.
- 5.4 Balgonie agrees that any costs and expenses associated with the construction of further infrastructure to support the water usage and wastewater produced to supply Balgonie with treated water shall be borne solely by Balgonie, subject to clause 5.3;
- 5.5 Balgonie shall be the sole owner of each of the items set out in section 5.1 and Schedule "C" herein during and after their construction.
- 5.6 In the mutual interest of both parties and during the term of this agreement, initiatives may be considered for joint application in accessing grant funding to assist in the financing of future capital infrastructure demands.

6. Maintenance

- 6.1 Balgonie acknowledges and agrees that it shall be solely responsible for all required maintenance and repairs of the items constructed and referred to in section 5.1 and Schedule "C" herein.
- 6.2 Balgonie agrees to operate and maintain the Transmission Pipeline, and maintain all licenses or permits required under all applicable laws and legislation in relation thereto.

7. Indemnity

7.1 Pilot Butte hereby agrees to indemnify and save Balgonie harmless from and against any claims, demands, actions, causes of action, damages losses, deficiencies, costs, liabilities and expenses which may be made or brought against Balgonie or which Balgonie may suffer or incur as a result of, in respect of, or arising out of:

- (a) any non-performance or non-fulfillment of any covenant or agreement on the part of Pilot Butte contained in this agreement;**
- (b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by Pilot Butte contained in this Agreement; and**
- (c) all costs and expenses including without limitation, legal fees on a solicitor and client basis, incidental to, arising from or in respect of the foregoing.**

7.2 Balgonie hereby agrees to indemnify and save Pilot Butte harmless from and against any claims, demands, actions, causes of action, damages losses, deficiencies, costs, liabilities and expenses which may be made or brought against Pilot Butte or which Pilot Butte may suffer or incur as a result of, in respect of, or arising out of:

- (a) any non-performance or non-fulfillment of any covenant or agreement on the part of Balgonie contained in this agreement;**
- (b) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by Balgonie contained in this Agreement;**
- (c) the construction, ownership, maintenance and repair of any of the items set out in section 5.1 and Schedule "C" herein; and**
- (d) all costs and expenses including without limitation, legal fees on a solicitor and client basis, incidental to, arising from or in respect of the foregoing.**

8. Sale of Treated Water Prohibited

- 8.1 Balgonie shall not sell the Treated Water supplied by Pilot Butte to subscribers outside the corporate limits of Balgonie without the express written permission of Pilot Butte.

9. Removal Of Infrastructure Upon Termination

- 9.1 Upon termination of this agreement, Balgonie shall make a determination, in consultation with Pilot Butte, pertaining to the removal of the infrastructure described in paragraph 5.1 above owned by Balgonie and installed within Pilot Butte's town limits. Balgonie shall be responsible for any expense or cost associated with the removal of such infrastructure, and any damage or repairs to property owned by Pilot Butte which may be caused or necessitated by its removal.

10. Arbitration

- 10.1 Any disagreements or claims that may arise under this agreement between the parties hereto will be determined by binding arbitration of a single arbitrator under the provisions of *The Arbitration Act* (Saskatchewan), whose decision shall be final, subject only to a right of recourse to the courts on a question of jurisdiction.

11. General

- 11.1 Time of Essence: Time shall be of the essence hereof.
- 11.2 Entire Agreement: This agreement (including any schedules attached hereto) constitutes the entire agreement between the parties and there are no representations or warranties, express or implied, statutory or otherwise, and no agreement collateral hereto other than as expressly set forth herein. To the extent of any inconsistency between this agreement and the 2013 agreement, this agreement shall prevail and in all such respects shall replace the earlier agreement. Where there is no inconsistency, the 2013 agreement shall remain in force and effect.

- 11.3 Applicable Law: This agreement shall be governed by and interpreted in accordance with the laws of Saskatchewan and the laws of Canada applicable in Saskatchewan.
- 11.4 Successors and Assigns: This agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
- 11.5 Amendment: This agreement may be amended from time to time by further written agreement of the parties.
- 11.6 Notice:
- (a) Any notice, designation, communication, request, demand or other document, required or permitted to be given or sent or delivered hereunder to either party hereto shall be in writing and shall be sufficiently given or sent or delivered if it is:
 - (i) delivered personally to an officer or director of such party; or
 - (ii) sent to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada; or
 - (iii) sent by facsimile machine; or
 - (iv) sent by email.
 - (b) Notices shall be sent to the following addresses or facsimile numbers:
 - (i) in the case of Pilot Butte:

P.O. Box 253, Pilot Butte, Saskatchewan, S0G 3Z0
Facsimile: (306) 781-4477
Email: pilotbutteadmin@sasktel.net
 - (ii) in the case of Balgonie:

P.O. Box 310, Balgonie, Saskatchewan, S0G 0E0
Facsimile: (306) 771-2899
Email: townofbalgonie@sasktel.net

Or to such other address, facsimile number or email as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this section, have communicated to the party giving or sending or delivering such notice, designation, communication, request, demand or other document.

- (c) Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:
 - (i) if delivered personally as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery; and
 - (ii) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mails, allowing for such discontinuance or interruption of regular postal service; and
 - (iii) if sent by facsimile machine or email, be deemed to have been given, sent, delivered and received on the date the sender receives the facsimile or email answer-back confirming receipt by the recipient.

11.7 Counterparts, Fax and Email: This agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterpart together shall be but one and the same instrument. Any faxed copy or emailed copy of a signature will be deemed to be an original signature until such time as an original signature has been received by the other party or parties to this agreement.

11.8 Expense of Parties: Each party hereto shall bear all expenses incurred by it, in relation with this agreement, including without limitation, the fees of respective legal counsel and other advisors. To the extent the parties choose to share the

services of a legal counsel or other advisor, they shall be equally responsible for the costs of such services.

- 11.9 Assignment: Pilot Butte and Balgonie shall not assign this agreement without mutual consent.
- 11.10 Interpretation and Headings: The division of this agreement into sections, paragraphs, subparagraphs and clauses and the insertion of headings are for convenience of reference only, and does not affect the construction or interpretation of this agreement. The terms "this agreement", "hereof", "herein", "hereunder" and similar expressions refer to this agreement and not to any particular article, section, paragraph, subparagraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Each party hereto acknowledges that it and its legal counsel have reviewed and participated in settling terms of this agreement and the parties hereby agree any rule of construction to the effect that any ambiguity is to be resolved against the drafting party is not applicable in the interpretation of this agreement.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement on the date first above written.



THE TOWN OF PILOT BUTTE

Per: [Signature]
Title _____

Per: [Signature]
Title _____



THE TOWN OF BALGONIE

Per: [Signature]
Title MAYOR

Per: [Signature]
Title Administrator's designate.

SCHEDULE "A"

Agreement dated October 28, 2013
Attached to and forming part of this agreement

This Agreement made this 28th day of October, 2013.

BETWEEN:

THE TOWN OF PILOT BUTTE

OF THE FIRST PART;

- and -

THE TOWN OF BALGONIE

OF THE SECOND PART;

WHEREAS the Town of Pilot Butte owns and operates the Pilot Butte Water Treatment Plant (the "Treatment Plant");

AND WHEREAS the Town of Balgonie wishes to purchase treated water from the Town of Pilot Butte, and the Town of Pilot Butte wishes to sell treated water to the Town of Balgonie;

AND WHEREAS it is necessary for the Town of Balgonie to construct a Distribution Pipeline and other infrastructure which shall be connected to the Treatment Plant in order to purchase treated water from the Town of Pilot Butte.

NOW, THEREFORE, THIS AGREEMENT WITNESSES that the parties hereto agree as follows:

1. DEFINITIONS

1.1 In this Agreement the following words and phrases shall have the following meanings:

- (a) "Act" means The Municipalities Act" (Saskatchewan), as amended from time to time;
- (b) "Base Treated Water Rate" means a straight quarterly rate imposed to subscribers;
- (c) "Delivery Point" means the point located within the Town of Pilot Butte's corporate limits, from which treated water exits the Town of Pilot Butte's water treatment plant and enters the Town of Balgonie's connected Distribution Pipeline;
- (d) "Distribution Pipeline" means the treated water pipeline along with the related connections, equipment and facilities that will be constructed and maintained by the Town of Balgonie at their own cost, and will be used to distribute the treated water to the Town of Balgonie;
- (e) "Production Cost" means the costs incurred related to the supply and service of treated water.
- (f) "Subscriber" means the maximum number of developed lots/units located within the Town of Balgonie's corporate limits to receive the delivery of treated water;

- (g) "Treated Water" means potable water as defined under The Water Regulations, 2002 made pursuant to The Environmental Management and Protection Act, 2002 (Saskatchewan), as amended from time to time.
- (h) "Treated Water Supply Rate" means the fixed treated water rate imposed on the Town of Balgonie by the Town of Pilot Butte as specified in Schedule "A".

2. TERM

- 2.1 The term of this Agreement shall be for a five (5) year period (the "Term"), commencing upon the date that the supply of treated water to the Town of Balgonie actually commences (the "Commencement Date"). The actual date that the supply of treated water commences, shall be acknowledged in writing between the Town of Balgonie and the Town of Pilot Butte, establishing the Commencement Date.

3. OPTION TO RENEW

- 3.1 If The Town of Balgonie has fulfilled all of its obligations hereunder, it shall have the option to renew this Agreement for a further five (5) year term, on the same terms and conditions as herein contained except for this option and the Treated Water Supply Rate, by giving notice in writing to the Town of Pilot Butte at any time prior to expiry of the term of this agreement.

4. WATER ALLOCATION AND SUPPLY

- 4.1 On the Commencement Date, the Town of Pilot Butte shall deliver a treated water supply to the Town of Balgonie from a minimum consumption of 40,000,000 gallons to a maximum consumption of 54,000,000 gallons per annum as calculated using actual gallons used annually from 2007 to 2011 and based on a population of 3200.
- 4.2 The Town of Pilot Butte shall provide treated water to the Town of Balgonie's Distribution Pipeline at a maximum flow rate of 150gpm.
- 4.3 The Town of Pilot Butte agrees to provide 240 dam³/per year of treated water (equivalent to 300 dam³/ per year of raw water) to the Town of Balgonie. The Town of Balgonie remains responsible for seeking a Water Rights Licence from the Water Security Agency allocating up to 300 dam³/per year of raw water from the Zehner Aquifer supplied through works owned and operated by the Town of Pilot Butte. Following execution of this agreement The Water Security Agency will amend the existing Water Rights License, issued to the Town of Pilot Butte on May 16, 2013, reducing the allocation of raw water from 1000 dam³/per year to 700 dam³/per year. This agreement shall remain in force until such time the combined development of the Town of Pilot Butte and the Town of Balgonie require 700 dam³/per year.
- 4.4 The Town of Pilot Butte shall use reasonable diligence and care to provide regular and uninterrupted service of treated water to the Town of Balgonie, however, the Town of Balgonie agrees that the Town of Pilot Butte is not obligated to provide a continuous supply of treated water under this Agreement and notwithstanding the foregoing, the Town of Balgonie acknowledges that the supply and pressure of treated water will be subject to periodic interruptions arising from operational and maintenance requirements relating to the Town of Pilot Butte's treated water supply.

4.5 Notwithstanding anything herein the contrary, the Town of Pilot Butte shall not be responsible for interruption of the supply of treated water caused by Acts of God (including fire, flood, earthquake, storm, tempest or other natural disaster), war, government sanction, blockage, labour dispute, strike, or any other reason or cause outside of the control of the Town of Pilot Butte.

4.6 The Town of Balgonie shall be subject to any water rationing policies or other delivery restrictions that may apply from time to time to residents of the Town of Pilot Butte.

5. TREATED WATER RATES AND PAYMENT

5.1 During the Term of this Agreement the Town of Balgonie shall pay to the Town of Pilot Butte the Treated Water Supply Rates in accordance with Schedule "A" attached hereto.

5.2 The Town of Balgonie agrees and acknowledges that the Treated Water Supply Rates as set out in Schedule "A" may be adjusted by the Town of Pilot Butte on or before the 30th day of April in each year of the Term. Within 30 days following any adjustment hereunder, the Town of Pilot Butte shall provide the Town of Balgonie with written notice of the treated water supply rate adjustment, along with associated supporting documentation confirming an increase in production costs. The Treated Water Supply Rates for subsequent years shall reflect any adjustment hereunder.

5.3 If the Town of Pilot Butte, at any time during the term of this agreement, sells and delivers, or offers to sell and deliver treated water of equivalent or better quality to any person or persons outside the municipal boundaries, including any municipal corporation, in like or lesser quantities at a lesser price than the price to be paid by the Town of Balgonie hereunder, the price paid by the Town of Balgonie for all water thereafter delivered hereunder shall be reduced to such lower price or prices.

5.4 The Town of Pilot Butte shall provide the Town of Balgonie with monthly invoices on the 15th day of each month for the supply of treated water delivered. The Town of Balgonie shall pay the amount of each invoice within 30 days from the date on which the invoice is issued.

5.5 Any amounts remaining unpaid beyond 30 days following the date the invoice is issued pursuant to clause 5.4 will bear interest at a rate of 2% per month, calculated and compounded monthly from the date the invoice was issued until payment is received by the Town of Pilot Butte.

5.6 If any amount remains unpaid for more than 90 days following the date on which an invoice is issued pursuant to clause 5.4, the Town of Pilot Butte may elect to terminate the delivery of treated water to the Town of Balgonie without notice, and withhold delivery until all sums owing by the Town of Balgonie, are paid in full, including interest thereon.

5.7 In the event of any discrepancies between the meter reading from the meter located at the Town of Pilot Butte's delivery point and the meter located at the entry point of the Town of Balgonie town limits, the water meter located at the Town of Pilot Butte's delivery point shall be deemed the correct reading.

6. INFRASTRUCTURE

6.1 The Town of Balgonie agrees to cause to be constructed the following at its sole expense, to be completed not more than two (2) years from the date of this Agreement:

- (a) a Distribution Pipeline and related connections to be connected to the Treatment Plant;

- (b) two distribution pumps within the Treatment Plant dedicated to supplying the Distribution Pipeline;
- (c) a backflow prevention device to be integrated into the Distribution Pipeline; and
- (d) a meter to be located at the Town of Pilot Butte's delivery point and at the entry point of the Town of Balgonie town limits, to calculate and verify the volume of treated water supplied under this agreement.

6.2 The Town of Balgonie, as the sole owner of the water distribution pipeline, agrees to cause an interest for a right of way, to a maximum of (10) meters, for said pipeline to be registered on the certificate of title to Lot 3, Block F, Plan 102012129 as shown on SCHEDULE "B".

6.3 The Town of Pilot Butte and The Town of Balgonie agree to revisit the agreement to negotiate the Town of Balgonie's contribution towards additional infrastructure capacity of the Town of Pilot Butte's water and sewer (i.e. Lagoon, water treatment plant, water supply), along with the allocation of any unused portion of the Town of Balgonie's Building Canada Fund – Communities Component grant. If the Town of Balgonie contributes additional capital infrastructure using the approved Building Canada Fund Communities Component grant during the 5 year term of this agreement, the value of the additional contributed amount shall be credited against any future capital upgrades necessary to supply the Town of Balgonie with treated water.

6.4 The Town of Balgonie agrees that any costs and expenses associated with the construction of further infrastructure to support the water usage and wastewater produced to supply the Town of Balgonie with treated water shall be borne solely by the Town of Balgonie, subject to clause 6.3.

6.5 The Town of Balgonie shall be the sole owner of each of the items set out in section 6.1 herein during and after their construction.

6.6 In the mutual interest of both parties and during the term of this agreement, initiatives may be considered for joint application in accessing grant funding to assist in the financing of future capital infrastructure demands.

7. MAINTENANCE

7.1 The Town of Balgonie acknowledges and agrees that it shall be solely responsible for all required maintenance and repairs of the items to be constructed pursuant to section 6.1 herein.

7.2 The Town of Balgonie agrees to operate and maintain the Distribution Pipeline, and maintain all licenses or permits required under all applicable laws and legislation.

8. INDEMNITY

8.1 The Town of Pilot Butte hereby agrees to indemnify and save the Town of Balgonie harmless from and against any claims, demands, actions, cause of action, damage, loss, deficiency, cost, liability and expense which may be made or brought against the Town of Balgonie or which the Town of Balgonie may suffer or incur as a result of, in respect of or arising out of:

- (a) Any non-performance or non-fulfillment of any covenant or agreement on the part of the Town of Pilot Butte contained in this agreement;

- (b) Any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Town of Pilot Butte contained in this Agreement; and
- (c) All costs and expenses including without limitation, legal fees on a solicitor and client basis, incidental to, arising from or in respect of the foregoing.

8.2 The Town of Balgonie hereby agrees to indemnify and save the Town of Pilot Butte harmless from and against any claims, demands, actions, cause of action, damage, loss, deficiency, cost, liability and expense which may be made or brought against the Town of Pilot Butte or which the Town of Pilot Butte may suffer or incur as a result of, in respect of or arising out of:

- (a) Any non-performance or non-fulfilment of any covenant or agreement on the part of the Town of Balgonie contained in this agreement;
- (b) Any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Town of Balgonie contained in this Agreement;
- (c) the construction or ownership of any of the items set out in section 6.1 herein; and
- (d) All costs and expenses including without limitation, legal fees on a solicitor and client basis, incidental to, arising from or in respect of the foregoing.

9. SALE OF TREATED WATER PROHIBITED

9.1 The Town of Balgonie shall not sell the treated water supplied by the Town of Pilot Butte to subscribers outside the corporate limits of Balgonie without the express written permission of the Town of Pilot Butte.

10. TERMINATION

10.1 This Agreement shall be terminable by either party hereto upon two (2) years written notice to the other.

10.2 Upon termination of this agreement, the Town of Balgonie shall make a determination, in consultation with the Town of Pilot Butte, pertaining to the removal of the two (2) distribution pumps owned by the Town of Balgonie and installed in the Pilot Butte Water Treatment Plant. The Town of Balgonie shall be responsible for any expense or cost associated with the removal of the distribution pumps, and any damage or repairs to property owned by the Town of Pilot Butte which may be caused or necessitated by their removal.

11. ARBITRATION

11.1 Any disagreements that may arise under this Agreement will be determined by binding arbitration under the provisions of The Arbitration Act, (Saskatchewan).

12. GENERAL

12.1 TIME OF ESSENCE: Time shall be of the essence hereof.

12.2 ENTIRE AGREEMENT: This Agreement (including any schedules attached hereto) constitutes the entire agreement between the parties and there are no representations or warranties, express or implied, statutory or otherwise, and no agreement collateral hereto other than as expressly set forth herein.

- 12.3 **APPLICABLE LAW:** This Agreement shall be governed by and interpreted in accordance with the laws of Saskatchewan and the laws of Canada applicable in Saskatchewan.
- 12.4 **SUCCESSORS AND ASSIGNS:** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
- 12.5 **AMENDMENT:** This Agreement may be amended from time to time by further written agreement of the parties.
- 12.6 **NOTICE:**

- (a) Any notice, designation, communication, request, demand or other document, required or permitted to be given or sent or delivered hereunder to either party hereto shall be in writing and shall be sufficiently given or sent or delivered if it is:

- (i) Delivered personally to an officer or director of such party; or
- (ii) Sent to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada;
- (iii) Sent by facsimile machine; or
- (iv) Sent by email.

- (b) Notices shall be sent to the following addresses or facsimile numbers:

- (i) In the case of the Town of Pilot Butte:

Box 253
Pilot Butte, Saskatchewan S0G 3Z0
Facsimile: (306)781-4477
Email: pilotbutteadmin@sasktel.net

- (ii) In the case of the Town of Balgonie:

Box 310
Balgonie, Saskatchewan S0G 0E0
Facsimile: (306)771-2899
Email: townofbalgonie@sasktel.net

Or to such other address, facsimile number or email as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this section, have communicated to the party giving or sending or delivering such notice, designation, communication, request, demand or other document.

- (c) Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:

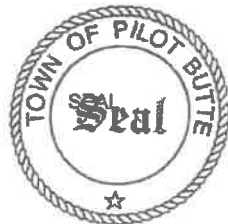
- (i) If delivered as aforesaid: be deemed to have been given, sent delivered and received on the date of delivery; and
- (ii) If sent by mail as aforesaid, be deemed to have been given, sent, delivered and received (but not actually received) on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or

delivery or any intermediate point, in which case the same shall be deemed to have been given, sent delivered and received in the ordinary course of the mails, allowing for such discontinuance or interruption of regular postal service; and

- (iii) If sent by facsimile machine or email, be deemed to have been given, sent, delivered and received on the date the sender receives the facsimile or email answer back confirming receipt by the recipient.

- 12.7 COUNTERPARTS, FAX AND E-MAIL: This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall be but one and the same instrument. Any faxed copy or e-mailed copy of a signature will be deemed to be an original signature until such time as an original signature has been received by the other party or parties to this Agreement.
- 12.8 EXPENSE OF PARTIES: Each party hereto shall bear all expenses incurred by it, in relation with this agreement, including without limitation, the fees of respective legal counsel and other advisors.
- 12.9 ASSIGNMENT: The Town of Pilot Butte and the Town of Balgonie shall not assign this agreement without mutual consent.
- 12.10 INTERPRETATION AND HEADINGS: The division of this agreement into sections, paragraphs, subparagraphs and clauses and the insertion of headings are for convenience of reference only and does not affect the construction or interpretation of this agreement. The terms "this agreement", "hereof", "herein", "hereunder" and similar expressions refer to this agreement and not to any particular article, section, paragraph, subparagraph, clause or other portion hereof and include any agreement or instrument supplementary or ancillary hereto. Each party hereto acknowledges that it and its legal counsel have reviewed and participated in settling terms of this agreement and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party is not applicable in the interpretation of this agreement.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement on the date first above written.



THE TOWN OF PILOT BUTTE

Per: _____

Title

Per: _____

Title



THE TOWN OF BALGONIE

Per: F. Hawley
Title

Per: Valerie Hubbard
Title

SCHEDULE "A"

I. TREATED WATER SUPPLY RATE STRUCTURE:

Year 1 (Beginning on Commencement Date): A fixed rate of \$10.00 per 1000 gallons (4.54 cubic metres);

Year 2: A fixed rate of \$10.00 per 1000 gallons (4.54 cubic metres);

Year 3: A fixed rate of \$10.00 per 1000 gallons (4.54 cubic metres);

Year 4: A fixed rate of \$10.00 per 1000 gallons plus cost of living allowance based on the Saskatchewan Consumer Price Index (4.54 cubic metres);
and

Year 5: A fixed rate of \$10.00 per 1000 gallons plus cost of living allowance based on the Saskatchewan Consumer Price Index (4.54 cubic metres).

SCHEDULE "B"

Treated water supply rates shall be calculated by the following method.

The fees charged by Pilot Butte to the Town of Balgonie will be based on two elements; operating cost of production and capital cost of production. Both will be charged to the Town of Balgonie from the Town of Pilot Butte.

1. Operating Consumption Rate will be based on the yearly operational costs which are attributable to treated water provided for Balgonie. The total operational cost include the following elements and be calculated as a percentage of the total operational costs of the Pilot Butte water treatment plant. The yearly costs are calculated on the previous 12 month period from November 1 to October 31. Escalated by 0.5 the previous years Saskatchewan Consumer Price Index.

Wages (including EI, CPP and benefits)	25%
Power	35%
Gas	5%
Communications and Alarms	5%
Other Maintenance	35%
Chemical	45%
Membrane Replacement cost	45%
Waste water treatment	100%
= Total yearly operating cost + 10 % return to Pilot Butte	

Operating Consumption Rate Fee Calculation

The total yearly operating costs + 10% will be converted to an operating consumption rate fee per M³.

$$\$/M^3 = \frac{\text{Total Yearly Operating Cost for Pilot Butte to produce water for Balgonie}}{\text{Meters}^3 \text{ used in the previous 12 month period from November 1 to October 31}}$$

The Operating Consumption Rate will be used to calculate the operational portion of the fee calculating the cost/m³ multiplied by the actual m³ consumed by Balgonie.

2. Subject to section 5.3 of this agreement, capital cost to be charged to Balgonie on an annual basis will remain consistent for 30 years based on the capital portion attributed to providing treated water to Balgonie which is \$202,881 per year.

This has been calculated based on a constant loan repayment with a 7% interest rate on capital loan assumption and a plant life of 30 years which is shown in the following table.

Constant Capital Payment Table

Year	Opening Balance	Payment	Interest	Principal	Ending Balance
1	\$ 2,288,690	\$ 184,437	\$ 160,208	\$ 24,229	\$ 2,264,461
2	\$ 2,264,461	\$ 184,437	\$ 158,512	\$ 25,925	\$ 2,238,536
3	\$ 2,238,536	\$ 184,437	\$ 156,698	\$ 27,740	\$ 2,210,797
4	\$ 2,210,797	\$ 184,437	\$ 154,756	\$ 29,682	\$ 2,181,115
5	\$ 2,181,115	\$ 184,437	\$ 152,678	\$ 31,759	\$ 2,149,356
6	\$ 2,149,356	\$ 184,437	\$ 150,455	\$ 33,982	\$ 2,115,373
7	\$ 2,115,373	\$ 184,437	\$ 148,076	\$ 36,361	\$ 2,079,012
8	\$ 2,079,012	\$ 184,437	\$ 145,531	\$ 38,906	\$ 2,040,106
9	\$ 2,040,106	\$ 184,437	\$ 142,807	\$ 41,630	\$ 1,998,476
10	\$ 1,998,476	\$ 184,437	\$ 139,893	\$ 44,544	\$ 1,953,932
11	\$ 1,953,932	\$ 184,437	\$ 136,775	\$ 47,662	\$ 1,906,270
12	\$ 1,906,270	\$ 184,437	\$ 133,439	\$ 50,998	\$ 1,855,271
13	\$ 1,855,271	\$ 184,437	\$ 129,869	\$ 54,568	\$ 1,800,703
14	\$ 1,800,703	\$ 184,437	\$ 126,049	\$ 58,388	\$ 1,742,315
15	\$ 1,742,315	\$ 184,437	\$ 121,962	\$ 62,475	\$ 1,679,839
16	\$ 1,679,839	\$ 184,437	\$ 117,589	\$ 66,849	\$ 1,612,991
17	\$ 1,612,991	\$ 184,437	\$ 112,909	\$ 71,528	\$ 1,541,463
18	\$ 1,541,463	\$ 184,437	\$ 107,902	\$ 76,535	\$ 1,464,928
19	\$ 1,464,928	\$ 184,437	\$ 102,545	\$ 81,892	\$ 1,383,035
20	\$ 1,383,035	\$ 184,437	\$ 96,812	\$ 87,625	\$ 1,295,411
21	\$ 1,295,411	\$ 184,437	\$ 90,679	\$ 93,759	\$ 1,201,652
22	\$ 1,201,652	\$ 184,437	\$ 84,116	\$ 100,322	\$ 1,101,330
23	\$ 1,101,330	\$ 184,437	\$ 77,093	\$ 107,344	\$ 993,986
24	\$ 993,986	\$ 184,437	\$ 69,579	\$ 114,858	\$ 879,128
25	\$ 879,128	\$ 184,437	\$ 61,539	\$ 122,898	\$ 756,229
26	\$ 756,229	\$ 184,437	\$ 52,936	\$ 131,501	\$ 624,728
27	\$ 624,728	\$ 184,437	\$ 43,731	\$ 140,706	\$ 484,022
28	\$ 484,022	\$ 184,437	\$ 33,882	\$ 150,556	\$ 333,466
29	\$ 333,466	\$ 184,437	\$ 23,343	\$ 161,095	\$ 172,371
30	\$ 172,371	\$ 184,437	\$ 12,066	\$ 172,371	\$ 0

The total yearly capital cost = The Constant Capital Payment of \$184,437 + 10 % return to Pilot Butte = \$202,881.

Architectural floor plan of the 1st floor of the BCL Building. The plan shows various rooms including a large central hall, a reception area, a lounge, a kitchen, and several offices. A large yellow area is highlighted in the center, possibly indicating a specific feature or construction area. The plan is detailed with dimensions, room numbers, and furniture layouts. A north arrow is located in the top right corner. The title block at the bottom left contains the project name 'BCL BUILDING', the architect 'BCL BUILDING LTD.', and the date '1988'.