

THIS AGREEMENT made in duplicate this 30th day of June, 2010.

BETWEEN:

THE CORPORATION OF THE SEPARATED TOWN OF ST. MARYS

(hereinafter referred to as "St. Marys")

and

THE CORPORATION OF THE TOWNSHIP OF PERTH SOUTH

(hereinafter referred to as "Perth South")

WHEREAS Section 20 of the *Municipal Act*, R.S.O. 2001 c.25 provides that a municipality may enter into an agreement with another municipality to provide for their joint benefit any matter which they have the power to provide within their own boundaries;

AND WHEREAS the Town of St. Marys owns and operates a water and wastewater distribution system;

AND WHEREAS St. Marys and Perth South have common interest in the construction and extension of St. Marys municipal services into Perth South;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT St Marys agrees to supply water and wastewater services to Perth South upon the following terms:

1. Perth South has the authority to enter into an agreement for the provision of water and wastewater services in accordance with Section 20 of the Municipal Act.
2. The Parties acknowledge that an extension of municipal services from St. Marys to service lands in Perth South will be a developer-led initiative which will be directed towards the lands denoted on Schedule "A" attached hereto, legally described as Pt. Lot 12 & 13 South Boundary Concession, Township of Perth South, Blanshard Ward. It is acknowledged by the Parties that such extension of municipal services will be undertaken in phases, with services being extended to Phase 1 lands in advance of the Phase 2 lands.
3. The Parties acknowledge that should funding by Perth South and/or St. Marys be required to provide for an extension of a water and/or wastewater distribution system in advance of development, an additional agreement between the Parties may be required.

4. The service area proposed for the extension of St. Marys' water and wastewater system (the "municipal services") into Perth South shall be defined by Schedule "A" attached hereto. Schedule "A" may be amended from time to time by mutual agreement of the parties in writing.
5. Perth South agrees to consult with St. Marys on any development processes regarding the service area lands (i.e. Official Plan, Zoning and Development Agreements).
6. Perth South agrees that it will ensure that developers and landowners who enter into development agreements with it within the lands in Schedule "A" will enter into an agreement with St. Marys that would recover the capital cost of municipal service extensions as a condition of such development agreement. Any connections to the water or wastewater system will be subject to the Connection Charge Policy of St. Marys. Further, Perth South agrees to incorporate into any such development agreement, a requirement that the developer decommission the existing private water and wastewater systems on the subject property.
7. Servicing of lands in Perth South will be subject to the availability of sufficient capacities in the water and waste water system provided by St. Marys.
8. Perth South agrees that such development agreement shall contain a provision by which the developer shall retain an engineer to design and determine what municipal services, waterlines, water mains, sanitary sewers, storm sewers, sewer connections, waterline connections and any necessary municipal services that are required for the purposes of extending sufficient municipal services and in so doing shall ensure that all such designs relating to the water and wastewater services are consistent with and adhere to the policy and design standards of St. Marys.
9. The Parties acknowledge and agree that upon entering into a development agreement with Perth South and such other agreement as may be required by St. Marys that the developer shall be responsible to the Director of Public Works for St. Marys for the proper construction of the water and wastewater services. Perth South agrees to delegate to the Director of Public Works for St. Marys the right to inspect such work during construction thereof. The developer shall be responsible to the Director of Public Works for Perth South for such other municipal services as set forth in the development agreement. It is further acknowledged that the developer shall be required to obtain from Perth South any temporary or permanent easements necessary to construct the municipal services.

10. Perth South agrees to transfer to St. Marys all of its right title and interest in the completed water and wastewater services and agrees to incorporate in the development agreement a provision that the ownership of the water and wastewater services, as constructed, shall be transferred to St. Marys upon the completion and assumption of such services. St. Marys agrees that it shall provide all future maintenance of the water and wastewater distribution systems. The Parties acknowledge that all hookup expenses related to individual connections to the systems shall be borne by the connecting property owner.
11. Perth South agrees that no industrial or commercial customers will be connected to the water and wastewater system without the consent of St. Marys, which consent shall not be unreasonably withheld.
12. St. Marys agrees that Perth South customers of the water and wastewater systems will be subject to the same water and wastewater use regulations as customers in St. Marys. This includes watering restrictions and compliance with the St. Marys Sewage By-law.
13. St. Marys agrees to charge the rates for customers within the service areas based on the formula set out in Schedule "B" attached hereto.
14. The parties acknowledge that all properties that are connected to the water and sanitary system pursuant to this Agreement shall be metered for water and wastewater usage.
15. It is agreed between the Parties that St. Marys shall be responsible for the reading of the meters and monitoring the meters on a regular basis and shall provide timely information to Perth South on a monthly basis and shall invoice Perth South for those customers within the service area pursuant to the rates set forth in paragraph 10 and 11 above.
16. St. Marys agrees that it will shut off the water supply of those customers subject to this Agreement who are delinquent for a period in excess of 28 days in paying the charges for water and wastewater supply as invoiced by Perth South, upon the request of Perth South to do so.
17. In recognition of the value of the service extension to Perth South, Perth South will provide compensation as set out in Schedule "C" attached hereto, to St. Marys on an annual basis, equal to 30% of the general local municipal levy of taxes levied upon the whole of the assessment for real property within the serviced area but specifically excluding that portion of taxes levied on behalf of the County of Perth or any upper tier government, and excluding that portion of taxes levied on behalf of any school board, and excluding any special service

levy/charges imposed by Perth South. Such compensation shall become due and payable by Perth South to St. Marys on the 30th day of November in each year.

18. St. Marys and Perth South will collaborate in good faith to market the service area lands as part of their respective economic development initiatives.
19. The Parties agree to discourage small lot development within the service area in an effort to minimize competition between the land in the service area and the existing industrial lands located within the municipal boundaries of St. Marys.
20. The Parties agree to participate in a mediation process for any disagreement arising out of or relating to this Agreement which is not satisfactorily resolved by them directly and, where disagreement is still not resolved, to arbitrate any disagreement arising out of or relating to this Agreement, which is not satisfactorily resolved by them directly. Mediation may be initiated at the written request of either Party. The Parties shall not proceed to arbitration until not less than forty-five (45) days have elapsed after the receipt by the other Party of such request for Mediation or such other mediation period, as may be recommended by the mediator appointed. All such unresolved disagreements shall be submitted to the arbitration of one (1) person.
21. The *Arbitration Act* of Ontario, as amended (the "Act"), shall apply to any arbitration hereunder, except to the extent that a contrary intention is expressed herein. Subject to the aforesaid mediation period, any Party may at any time give written notice to the others of its desire to submit such dispute to arbitration stating with reasonable particularity the subject matter of such dispute. Within five (5) business days after receipt of such notice, the Parties shall appoint a single arbitrator with appropriate Party experience to determine such dispute. If the Parties fail to appoint an arbitrator, each Party may appoint one (1) person to choose, together with any other person so chosen, one person to be the arbitrator. If no arbitrator is appointed in this manner, any Party may apply to a Judge of the Superior Court of Ontario to appoint an arbitrator to determine such dispute. The arbitrator so appointed (herein the "Arbitrator") shall forthwith proceed to arbitrate the dispute.
22. The costs of the arbitration shall be paid as determined by the Arbitrator. Notwithstanding anything to the contrary contained in the Act, the award of the Arbitrator shall be final and binding upon the Parties and all persons claiming through or under them. An award of the Arbitrator is a condition precedent to the right of any Party or any person claiming through or under them, but may be subject to review or appeal in any court of law or equity. An award of the Arbitrator is a condition precedent to the right of any Party or any person claiming

through or under a Party to bring any suit, action or other proceeding in any court or equity against any Party or any person claiming through or under a Party or against the Arbitrator in respect of any matter for which arbitration is herein provided. Judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction and thereupon execution or other legal process may issue thereon. The Parties hereto and all persons claiming through or under them hereby attorn to the jurisdiction of the Arbitrator and to the jurisdiction of any court in which the judgment may be entered. Arbitration may not be waived except upon delivery by the Party of a written notice to that effect.

23. This Agreement shall take effect upon its execution and shall not be terminated except as agreed in writing by each of the parties hereto.
24. The Parties agree that, notwithstanding any dispute between them and notwithstanding the termination of this Agreement by either Party, the services that have been installed pursuant to this Agreement shall remain intact and shall be provided on an uninterrupted basis to the customers of the services based on the terms of the original agreement.
25. St. Marys hereby acknowledges its responsibility to take all reasonable care and caution in constructing the municipal services over property located in Perth South.
26. Perth South agrees to indemnify and save harmless St. Marys from and against all liability directly or indirectly incurred by St. Marys by reason of act, claims, orders, demands, suits, actions, courses of action, losses, costs, liabilities and expenses which St. Marys may sustain, incur, suffer or have asserted against it whether occurring before or after this agreement, relating to or arising out of, resulting from or in any way connected to the construction, extension or maintenance of municipal structures pursuant to this agreement.
27. St. Marys agrees to indemnify and save harmless Perth South from and against all liability directly or indirectly incurred by Perth South by reason of act, claims, orders, demands, suits, actions, courses of action, losses, costs, liabilities and expenses which Perth South may sustain, incur, suffer or have asserted against it whether occurring before or after this agreement, relating to or arising out of, resulting from or in any way connected to the construction, extension or maintenance of municipal structures pursuant to this agreement.
28. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and assigns.

Extension of Services - James St. South Agreement - June 2010.doc

29. In the event of any covenant, provision or term of this Agreement should at any time be held by any competent tribunal be void or unenforceable, then the Agreement shall not fail by the covenant, provision or term shall be deemed to be severable from the remainder of this Agreement which shall remain in full force and effect mutates mutandis.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement.

SIGNED, SEALED and DELIVERED
In the presence of:

THE CORPORATION OF THE
SEPARATED TOWN OF ST. MARYS




James Hahn
Mayor

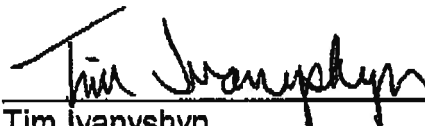


Robert Brindley
Chief Administrative Officer/Clerk

THE CORPORATION OF THE
TOWNSHIP OF PERTH SOUTH



Ronald McKay
Reeve



Tim Ivanyshyn
Chief Administrative Officer/Clerk

SCHEDULE "A"
SERVICE AREA MAP



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SCHEDULE "B"
SERVICE AREA
WATER AND WASTEWATER RATES/CHARGES

| Municipal Service | Rate/Charge to Perth South Customers |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Water Services | 0% Rate Surcharge to be applied to Perth South Water Customers. All Rates/Charges shall be equal to the Rates/Charges applicable to St. Marys Customers. |
| Wastewater Service | 0% Rate Surcharge to be applied to Perth South Wastewater Customers. All Rates/Charges shall be equal to the Rates/Charges applicable to St. Marys Customers. |

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SCHEDULE "C"
TO BY-LAW NO. 42-2010

THE CORPORATION OF THE TOWNSHIP OF PERTH SOUTH
SPECIAL SERVICE AREAS

| IDENTIFICATION OF SPECIAL SERVICE Municipal Act RSO 2001, Sect 326(1)(A) | DETERMINATION OF COSTS Municipal Act RSO 2001, Section 326(1)(B) | DESIGNATED AREA Municipal Act RSO 2001, Sect 326(1)(C) |
|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 James Street South Compensation Levy Service Area (Served Industrial Property) | The serviced industrial tax rate for the prescribed property would be the average tax rate between an unserved industrial property tax rate in Perth South and the St. Marys industrial tax rate, as set annually. | |
| 2 James Street South Compensation Levy Service Area (Served Commercial Property) | The serviced commercial tax rate for the prescribed property would be the average tax rate between an unserved commercial property tax rate in Perth South and the St. Marys commercial tax rate, as set annually. | Comprised of the following properties as identified by their Assessment Roll Nos: 3120-140-005-14600 (Con S. Boundary P1 Lot 12 - Leventon/Marcaccio) 3120-140-005-14610 (1879 James Street South - Marcaccio) 3120-140-005-14670 (1917 James Street South - BSC Animal Nutrition) 3120-140-005-14900 (1912 James Street South - 1/2 Century Holdings) 3120-140-005-14905 (1894 James Street South - St Marys Mini Storage) 3120-140-005-15000 (1874 James Street South - Turney) 3120-140-005-15200 (1922 James Street South - Nutri Canada Inc) |
| 3 James Street South Compensation Levy Formula | This tax rate applies to the lands identified in Schedule "A" with the exception of the following properties listed in the "Designated Area" part of this Schedule "C". These lands shall remain at an unserved tax rate until such time as these lands are serviced and will then be subject to serviced industrial or commercial tax rates as assessed. | |

THE CORPORATION OF THE TOWNSHIP OF PERTH SOUTH**BY-LAW NO. 42-2010**

Being a By-law to authorize the execution of an Extension of Water and Wastewater Services Agreement with the Town of St. Marys.

WHEREAS Section 20 of the *Municipal Act*, R.S.O. 2001 c.25 provides that a municipality may enter into an agreement with another municipality to provide for their joint benefit any matter which they have the power to provide within their own boundaries;

AND WHEREAS the Town of St. Marys owns and operates a water and wastewater distribution system;


AND WHEREAS St. Marys and Perth South have common interest in the construction and extension of St. Marys municipal services into Perth South;

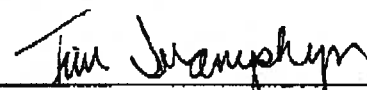
NOW THEREFORE the Council of The Corporation of the Township of Perth South **HEREBY ENACTS AS FOLLOWS:**

1. THAT the entering into an Agreement with the Town of St. Marys for the Extension of Water and Wastewater services to Perth South is hereby approved and authorized.
2. THAT the Reeve and the Chief Administrative Officer/Clerk be and they are hereby authorized and directed to execute on behalf of The Corporation of the Township of Perth South the said Agreement in substantially the same form as that attached hereto as Schedule "A" and forming a part of this By-law.
3. THAT the said Agreement shall take effect and come into force upon the signing thereof by all parties thereto.
4. THAT this By-law shall come into force and take effect on the final passing thereof.

READ a FIRST and SECOND time this 6th day of July, 2010.

READ a THIRD time and **FINALLY PASSED** this 6th day of July, 2010.


Reeve, R. McKay


C.A.O./Clerk, Tim Ivanyshtyn