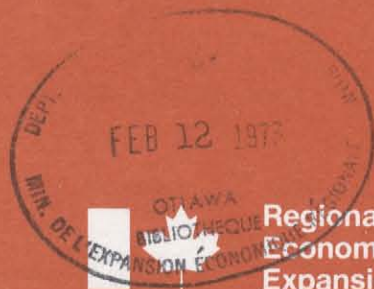


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Canada/Manitoba

AGRICULTURAL SERVICE CENTRES AGREEMENT



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THIS AGREEMENT made this 1st day of August, 1972.

BETWEEN: THE GOVERNMENT OF CANADA, represented
by the Minister of Regional Economic
Expansion, (hereinafter referred to as
"Canada"),

OF THE FIRST PART,

AND: THE GOVERNMENT OF THE PROVINCE OF
MANITOBA, represented by the Minister
of Agriculture, (hereinafter referred
to as "the Province"),

OF THE SECOND PART.

WHEREAS due to major changes taking place in the
agricultural economy of the prairie provinces, certain communities
in Manitoba are assuming an increasing function as agricultural
service centres;

AND WHEREAS Canada has agreed with the Province to a
program of assistance for the construction and financing of water
supply and waste disposal facilities, in order to facilitate the
growth and orderly development of certain of such agricultural
service centres;

AND WHEREAS the Governor in Council by Order in Council
P.C. 1972-20/1592 of the 27th day of July, 1972 has authorized the
Minister of Regional Economic Expansion to execute this Agreement
on behalf of Canada;

AND WHEREAS the Lieutenant-Governor in Council by Order
in Council No. 710/72 of the 21st day of July, 1972 has authorized
the Minister of Agriculture of Manitoba to execute this Agreement
on behalf of the Province;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT the parties
hereto mutually agree as follows:

DEFINITIONS

1. In this Agreement:
 - (a) "centre" means a city or town in Manitoba which meets
the criteria for an agricultural service centre prescribed

- by Schedule "A" to this Agreement and which is listed in Schedule "B" to this Agreement;
- (b) "construction" and other grammatical forms thereof includes the supply and installation of equipment and materials;
 - (c) "Federal Minister" means the Minister of Regional Economic Expansion and includes anyone authorized to act on his behalf;
 - (d) "fiscal year" means the period commencing on April 1st of any year and ending on March 31st of the following year;
 - (e) "Implementation Committee" means the Committee referred to in section 14;
 - (f) "Joint Planning Committee" means the Canada-Manitoba Joint Planning Committee established under the Canada-Manitoba Special Area Agreements of 11th May, 1970 and 26th August, 1971;
 - (g) "lands" includes rights to the use of lands;
 - (h) "Manitoba Water Supply Board" includes any successor agency thereto established by the Statutes of Manitoba;
 - (i) "Ministers" means the Federal Minister and the Provincial Minister;
 - (j) "preliminary evaluation studies" means the investigations and studies required to produce a preliminary plan outlining the water supply and/or waste disposal facilities required for a centre, having regard to:
 - (i) the facilities required by the centre and the alternatives available for meeting such requirements;
 - (ii) the financial capacity of the centre; and
 - (iii) the requirements specified in section 9;
 - (k) "project proposal studies" means the investigations and studies necessary to determine what specific facilities are to be constructed and the estimated cost thereof, including, where appropriate, estimates of the cost of alternative facilities;
 - (l) "Provincial Minister" means the Minister of Agriculture of Manitoba, and includes anyone authorized to act on his behalf;
 - (m) "PFRA" means the Prairie Farm Rehabilitation Administration,

a component of the Department of Regional Economic Expansion of Canada;

- (n) "waste disposal facilities" includes sanitary and storm sewage collection systems, as well as facilities for treatment of sewage and disposal of effluent;
- (o) "water supply facilities" includes facilities for the supply, storage, transmission, distribution and treatment of water.

SUBJECT MATTER

2.(1) Canada, in co-operation with the Province, will undertake a five-year program for the construction and financing of water supply and/or waste disposal facilities for certain centres in the Province of Manitoba that have been jointly selected by the Ministers and approved by the Governor in Council and the Lieutenant-Governor in Council.

(2) The criteria for the selection of such centres are set out in Schedule "A" to this Agreement and the centres that have been selected and approved as being eligible for assistance under this Agreement are listed in Schedule "B" to this Agreement. Additional communities may, in the event of exceptional changes in their circumstances and if they meet the criteria prescribed by Schedule "A", be selected by the Ministers and, with the approval of the Governor in Council and the Lieutenant-Governor in Council, may be added to Schedule "B".

3. The facilities to be constructed for such centres shall be determined by the Ministers on the advice of the Implementation Committee and after consultation with the local government authorities concerned, and, with the approval of the Governor in Council and the Lieutenant-Governor in Council, shall be specified in separate Subsidiary Agreements to be made between Canada and the Province, together with their estimated costs and the proposed completion dates.

4. In establishing priorities among the selected centres and in determining the amount of assistance to be provided to individual centres under this Agreement, the Ministers will take into consideration the recommendations of the Implementation Committee, based on criteria to be established for these purposes.

5.(1) A Subsidiary Agreement shall not include any facilities that are eligible for assistance under the National Housing Act unless other facilities for the centre concerned that are not so eligible are included.

(2) If any facilities that are eligible for assistance under the National Housing Act or that will receive financial assistance under any other Federal program (other than the program that is the subject of this Agreement) are included in a Subsidiary Agreement, the financing thereof by Canada under this Agreement shall be restricted to the portion thereof that is not eligible for assistance under the National Housing Act or covered by such other Federal financing, and the Province will be responsible for obtaining and supplying to PFRA, either from such other Federal sources or from the Province's own funds, the funds necessary to finance the balance of the cost of such facilities.

(3) In the allocation of funds made available to the Province under the National Housing Act for projects that are eligible for financial assistance under that Act, the Province will as far as practicable give priority to the projects to be provided for by the Subsidiary Agreements.

6. Where in the opinion of the Ministers a centre is able to finance the cost of part of the required facilities without assistance under this Agreement:

- (a) to the extent that the Ministers consider separate construction to be practicable, such part of the facilities will be constructed and financed by the Province or by the centre concerned, under arrangements made between the Province and the centre concerned;
- (b) to the extent that the Ministers consider separate construction to be impracticable, such part of the facilities may be included in the Subsidiary Agreement and constructed by PFRA, in which case the Province will, under arrangements made between the Province and the centre concerned, supply PFRA with the funds required to finance the construction of that part of the facilities which would have been financed by the centre concerned if separate construction thereof had been considered practicable.

7. Where part of the cost of facilities included in a Subsidiary Agreement is to be financed with funds supplied by the Province, whether from its own funds or from any other source, the Subsidiary Agreement shall specify what part of the cost is to be so financed and how and when such funds are to be made available by the Province to PFRA.

8. When a water storage facility is being considered for construction under this Agreement and it is evident that significant additional benefits related to any of the other programs administered by the Department of Regional Economic Expansion would be obtained by the enlargement of, or additions to, such water storage facility, Canada and the Province may give consideration to the application of those other programs to offset the additional cost of providing such benefits.

9. No facilities shall be included in a Subsidiary Agreement unless the Ministers are satisfied that:

- (a) such facilities conform to an overall sewer and water plan that is consistent with a development plan, satisfactory to the Province, for the centre concerned;
- (b) such facilities are required to meet the anticipated requirements of the centre concerned for a period not exceeding ten years from the date of the Subsidiary Agreement concerned or, having regard to the nature of any particular project, for such longer period as the Ministers may consider to be economic; and
- (c) construction of such facilities can be substantially completed within five years from the date of this Agreement.

10. The total estimated cost of the facilities to be approved for financing by Canada under this Agreement for any one centre shall not exceed \$2.5 million.

11.(1) Canada will be responsible for the construction of the projects provided for by this Agreement and specified in the abovementioned Subsidiary Agreements and, except as otherwise specified in sections 5 and 6, will finance the same, such financing to be fifty per cent (50%) by way of contribution and fifty per cent (50%) by way of loan to be repaid by the Province in the manner hereinafter mentioned.

(2) The construction and financing of water supply and waste disposal facilities for the City of Brandon pursuant to an Agreement made between Canada and the Province and dated June 17, 1971 is an advance part of the program referred to in this Agreement but, except for the financial limitation mentioned in sub-section (3) of this section, the provisions of this Agreement have no application to that project, which shall be governed entirely by the said Agreement of June 17, 1971.

(3) Notwithstanding anything in this Agreement, the combined total amount to be financed by Canada under this Agreement and the abovementioned Canada-Manitoba Agreement of June 17, 1971 shall not exceed the sum of Ten Million (\$10,000,000) Dollars.

12. The Province will make such arrangements with the centres concerned as are necessary to enable Canada and the Province to implement the arrangements made under this Agreement, and will make its own financial arrangements with the centres concerned and with the Federal authorities responsible for any Federal financing outside this Agreement that is applicable to the projects provided for by the Subsidiary Agreements.

LANDS

13.(1) All lands that in the opinion of the Implementation Committee are required for the purposes of the projects will be acquired and made available by the Province or the centres concerned, as and when required for the projects.

(2) Lands already owned by a centre shall be made available for the projects free of charge, but Canada will reimburse, by payment to the Province, the costs that are reasonably and properly incurred after the date of this Agreement by the Province or a centre for the acquisition of other lands required for the projects, except where such costs are reimbursed from any other Federal Government source. Costs so reimbursed by Canada under this Agreement shall form part of the cost of the projects to be financed under this Agreement.

IMPLEMENTATION COMMITTEE

14.(1) An Implementation Committee consisting of an equal number of representatives of Canada and the Province will be promptly established to assist in the implementation of this Agreement and to maintain liaison between the parties hereto during the performance of the projects, which Committee will be supplied by the parties with any information concerning the projects that it may reasonably require.

(2) The Implementation Committee shall have the overall responsibility for the administration and control of the studies to be performed under this Agreement, including the initiation and termination of such studies.

(3) In the event of any irreconcilable disagreement in the Implementation Committee, the matter shall be referred to the Ministers, whose joint decision shall be final.

PRELIMINARY PROCEDURES

15. All preliminary evaluation studies will be performed by the Province and the cost thereof will be borne by the Province.

16. Upon completion of any necessary preliminary evaluation studies for a centre, the Implementation Committee will review the proposal and arrange for the performance by the Province and/or by PFRA of any project proposal studies that the Implementation Committee considers to be required. Where the services of consultants or other third parties are required, such services will be contracted for by PFRA in consultation with the Implementation Committee.

17. Upon completion of any necessary project proposal studies for a centre, PFRA will prepare and submit to the Implementation Committee, for recommendation to the Ministers, a project proposal specifying the facilities recommended and the estimated cost thereof. Upon approval of the project proposal by the Ministers, a Subsidiary Agreement will be entered into, with the approval of the Governor in Council and the Lieutenant-Governor in Council.

CONSTRUCTION PROCEDURES

18. Upon signature of a Subsidiary Agreement, the Implementation Committee will arrange for the preparation of plans and specifications for the facilities concerned, either by the Province, by PFRA or by the centre concerned, as considered appropriate in each case by the Implementation Committee. Upon completion of the plans and specifications, they will be submitted to the Implementation Committee for approval, together with cost estimates.

19. Upon approval of the plans, specifications and estimated costs by the Implementation Committee, PFRA will be responsible for making all necessary arrangements for the construction of the projects. All contracts for the construction of the projects will be prepared, awarded and administered in accordance with standard Federal Government procedures by PFRA, which will be responsible for all construction supervision. Continuous engineering liaison and cost supervision will be maintained between PFRA and any engineers acting for the Province or the centre concerned throughout the design and construction of the projects.

PROJECT SIGNS, ETC.

20. Canada may erect and maintain, during the construction of each project, project signs specifying that it is a Canada Regional Development Project financed by a contribution and loan by the Department of Regional Economic Expansion of the Government of Canada and carried out in co-operation with the Province and the centre concerned.

21. All announcements of contract awards will be made jointly by Canada, the Province and the centre concerned.

22. Any official opening ceremony will be arranged by the Federal Minister in co-operation with the Provincial Minister and the authorities of the centre concerned.

COMPLETION AND TRANSFER

23.(1) In this section "the appropriate authority" means either the centre concerned or the Manitoba Water Supply Board, whichever will be responsible for the operation and maintenance of the facility after it has been completed.

(2) When the Chief Engineer of PFRA, after consultation with the Implementation Committee, determines that a project has been completed, he will issue and forward to the appropriate authority and to the Province a final certificate of completion, which for the purposes of this Agreement shall constitute a hand-over of the project to the appropriate authority, which will thereafter be responsible for the operation, maintenance and replacement of such project, except as mentioned in sub-section (4) of this section.

(3) Where the Chief Engineer of PFRA determines that a project has been substantially completed and is capable of being operated, he may issue an interim certificate of completion, which certificate will be treated as a final certificate for the purposes of sub-section (2) of this section, and Canada will be responsible for correction of the deficiencies listed in such certificate. When the Chief Engineer of PFRA, after consultation with the Implementation Committee, determines that such project has been completed, he will issue and forward to the appropriate authority and to the Province a final certificate of completion.

(4) Canada will be responsible for correcting any deficiencies in a project that may arise within one year after the date of the final certificate of completion.

(5) Where in the opinion of the Chief Engineer of PFRA, after consultation with the Implementation Committee, it is feasible to do so, a completed portion of a project may be handed over separately, in the manner provided by this section.

COST OF THE PROJECTS

24.(1) For the purposes of this section and section 26, "cost of the projects" means that part of the total cost of the projects that

is to be financed by Canada under this Agreement on the basis of a 50% contribution by Canada and a 50% loan to the Province.

(2) The cost of the projects shall, except to the extent that such costs are covered by funds provided by the Province as specified in sections 5 and 6, consist of all costs reasonably and properly incurred by Canada in respect of the projects, including:

- (a) all costs incurred and paid by Canada to construction contractors and supplier of materials, equipment and services, including, except as provided in sub-section (4) of this section, services that are performed for PFRA by consultants or other third parties; and
- (b) all costs for the acquisition of lands that are reimbursed by Canada pursuant to sub-section (2) of section 13.

(3) The following costs do not form part of the cost of the projects:

- (a) the cost of any services provided by PFRA, other than through consultants or other third parties;
- (b) the cost of any services provided by the Province or by any centre concerned.

(4) The cost of any project proposal studies that are performed by consultants or other third parties engaged by PFRA for a project that is not accepted for implementation under a Subsidiary Agreement shall not form part of the cost of the projects, but shall be financed by way of a 75% contribution by Canada and a 25% contribution by the Province. Payment to Canada by the Province of its 25% contribution to any such costs shall be promptly made on the basis of invoices submitted by Canada to the Province, certified by a senior officer of Canada and giving such details as the Province may reasonably require.

(5) Notwithstanding that municipalities are exempted from payment of Federal Sales Tax on certain materials and equipment used for the construction of municipal water treatment plants and sewerage and drainage systems, Canada's contracts with its contractors and suppliers will require them to pay Federal Sales Tax on all materials and equipment, which Federal Sales Tax will form part of the cost of the projects. However, Canada will apply to the Department of National Revenue for refunds of Federal Sales Tax in respect of any such exempted materials

and equipment and when such refunds are received, Canada will refund to the Province the proportion thereof that has been charged to the loan account, either by crediting the same to the loan account as a payment or by making payment thereof to the Province.

RECORDS AND AUDIT

25.(1) Canada will, through PFRA, maintain detailed and accurate records of the cost of the projects and of any refunds of Federal Sales Tax obtained from the Department of National Revenue, and will make the same available at all reasonable times for inspection and audit by the representatives of the Province, who will be provided with all such information relating thereto as they may reasonably require.

(2) The Province will be responsible for auditing and certifying any costs incurred by a centre that are reimbursable by Canada under this Agreement, and the representatives of Canada may audit the Provincial accounts and records relating thereto.

(3) Any discrepancy, as disclosed by such audits, between the amounts paid by Canada or the Province and the amounts actually payable by them under this Agreement shall be promptly adjusted between Canada and the Province.

REPAYMENT OF LOAN

26. Each payment by Canada under this Agreement in respect of the cost of the projects, as defined by section 24, shall be deemed to be composed of 50% contribution and 50% loan.

27. The Province will repay to Canada the loan portion of the cost of the projects, with interest, such repayment to be made as follows:

- (a) the total amount of the loan portion of all payments made by Canada in each fiscal year shall, for amortization purposes, be treated as a separate loan and repaid over a period of twenty years, which period (hereinafter referred to as the "amortization period") shall commence on March 31st of such fiscal year; for the purposes of this paragraph and

paragraph (b), payments made by Canada within thirty days immediately following the expiration of a fiscal year shall be deemed to have been made in March of such fiscal year;

- (b) interest with respect to the loan portion of all payments made by Canada shall be calculated from, but not including, the last day of the month in which each payment is made, at the rate applicable at the time each payment is made, as determined by the Minister of Finance of Canada from time to time in respect of advances of funds provided to Crown Corporations by the Department of Finance; and interest not paid but accrued to the date of commencement of the amortization period shall be capitalized as at said date and shall be added to the principal amount of the loan portion of each payment, and the total amount shall be deemed to be principal for the purposes of paragraphs (d) and (e);
- (c) interest on the accrued interest as provided for in paragraph (b) shall be calculated from the date of commencement of the amortization period at the rate applicable at the date of commencement of the amortization period, as determined by the Minister of Finance in respect of advances to Crown corporations by the Department of Finance;
- (d) the principal amounts of the loan portion of each payment, including the accrued interest, shall be treated as a single sum and amortized at a rate of interest computed as a weighted average of all the rates borne by the said principal amounts including the accrued interest; and
- (e) at the end of each year of the amortization period, interest at the rate prescribed by paragraph (d) shall be payable on the unrepaid principal amount of the loan, together with such part of the unrepaid principal amount as will result in repayment of the principal amount and interest in equal annual instalments over the amortization period; provided however that the Province may repay the loan at any earlier time, without notice or bonus, by paying to Canada the unrepaid principal amount of the loan together with accrued interest to the date of such repayment.

28. As soon as practicable after the end of each fiscal year, Canada will forward to the Province a detailed statement certified by a senior officer of the Department of Regional Economic Expansion,

showing, with respect to each project, the loan portion of all payments made by Canada that are chargeable to such fiscal year, the computation of the applicable interest charges and the amount of the annual amortization payments to be made by the Province.

GENERAL

29. In the event of any dispute between the parties hereto on any question of law or fact arising out of this Agreement or the performance thereof, it shall be submitted to and determined by the Federal Court of Canada pursuant to the Federal Court Act of Canada.

30. The provision of financial assistance by Canada under this Agreement is subject to Parliament having provided funds for such assistance in the fiscal year in which assistance is to be provided.

31. No member of the House of Commons shall be admitted to any share or part of any contract, commission or benefit arising out of any project under this Agreement.

32. The financing to be provided by Canada under this Agreement does not confer upon Canada any proprietary interest in any of the facilities so financed, after the hand-over thereof by Canada to the centres concerned or the Manitoba Water Supply Board, as the case may be.

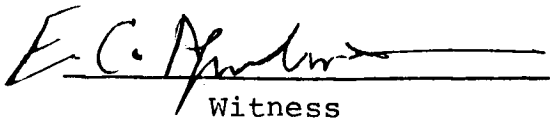
AMENDMENTS

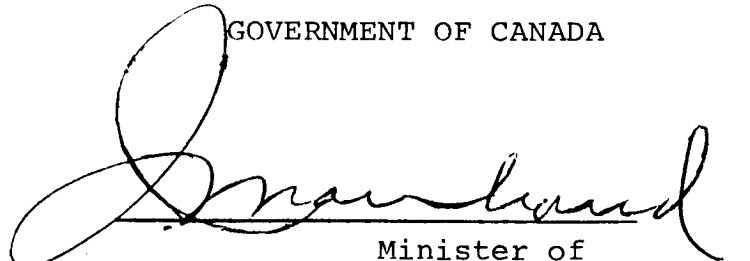
33. This Agreement may be amended from time to time by the agreement of the Ministers expressed in writing, except that any amendment to the financial limitations specified in this Agreement requires the approval of the Governor in Council and any amendment to Schedule "A" or "B" shall be made on the recommendation of the Joint Planning Committee and with the approval of the Governor in Council and the Lieutenant-Governor in Council.

IN WITNESS WHEREOF this Agreement has been executed on behalf of Canada by the Minister of Regional Economic Expansion and on behalf of the Province by the Minister of Agriculture.

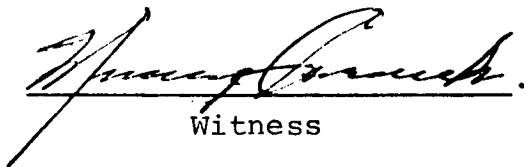
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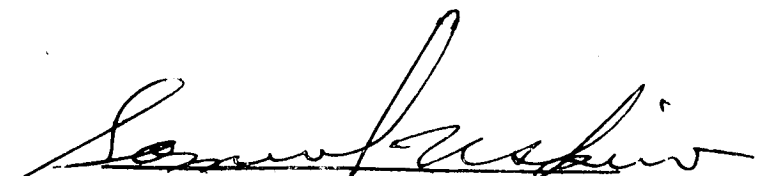
GOVERNMENT OF CANADA


Witness


Minister of
Regional Economic Expansion

GOVERNMENT OF MANITOBA


Witness


Minister of Agriculture

SCHEDULE "A" TO THE CANADA-MANITOBA
AGRICULTURAL SERVICE CENTRES AGREEMENT

CRITERIA

In order to be eligible for selection for the Program, a community should:

- (1) be outside a metropolitan area (This would exclude all metropolitan areas as defined by Statistics Canada.);
- (2) be in the settled agricultural portion of Manitoba;
- (3) be outside a Special Area (This would exclude communities located in the Special Areas designated under Section 24 of the Government Organization Act, now Section 6 of the Department of Regional Economic Expansion Act);
- (4) be capable of providing an adequate level and range of public and private services to meet the needs of a growing agricultural service area (This would be indicated by the number and growth of retail and personal business service establishments, retail sales per capita, hospitals, schools and similar services);
- (5) have demonstrated population characteristics which exhibit growth potential (This would be indicated by the present population level, past growth in population, growth in persons in the productive age groups and growth in total labour force);
- (6) possess significant potential for non-agricultural employment (This would be indicated by the present and anticipated extent and type of industrial activity, particularly for agricultural processing, and anticipated levels of employment in the secondary sector);

- (7) have prime access to principal transportation facilities, including highway, rail and air transport (This would be indicated by the availability of main highways, main and branch rail lines, and airport facilities);
- (8) have an infrastructure base which can be readily expanded to accommodate future growth (This would be indicated by the type and extent of water supply and waste disposal systems, the road system, personal and property protection, municipal administration generally and fiscal capacity).

Schedule "B" to the Canada-Manitoba
Agricultural Service Centres Agreement

List of Selected Centres (in alphabetical order)

Altona

Beausejour

Brandon

Carman

Dauphin

Gimli

Killarney

Minnedosa

Morden

Neepawa

Portage la Prairie

Selkirk

Steinbach

Swan River

Virden

Winkler

