

(TAX SHARING AGREEMENT)

COMMERCIAL AND INDUSTRIAL DEVELOPMENT AGREEMENT

*Res# 333
Agmt: A-00-53*

THIS AGREEMENT is made, in duplicate, this 18th day of December, 2000.

THE RURAL MUNICIPALITY OF PORTAGE LA PRAIRIE,
(the "Municipality"),

OF THE FIRST PART,

- and -

THE CITY OF PORTAGE LA PRAIRIE,
(the "City"),

OF THE SECOND PART

WHEREAS the Parties believe that there are significant opportunities to promote and enhance commercial and industrial development and growth in both the Rural Municipality of Portage la Prairie and The City of Portage la Prairie by working together in a co-operative manner;

AND WHEREAS one of the ways in which the Parties wish to work together is to enter into this Agreement which provides for:

- a) a sharing of real and personal property taxes paid or payable to them in excess of a certain base amount in respect of certain types of assessed property located in The Rural Municipality of Portage la Prairie and The City of Portage la Prairie; and
- b) a mechanism for the Municipality and the City to use part of such taxes to provide infrastructure services, such as sewer, water, natural gas, hydro and roads to certain types of property within their respective boundaries;

- 2 -

AND WHEREAS Section 259 of The Municipal Act (Manitoba) (the "Act") provides that two (2) or more municipalities may enter into an agreement to share taxes or grants in lieu of taxes paid or payable to them or any of them;

AND WHEREAS both the Municipality and the City are municipalities within the meaning of the Act.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the sum of One (\$1.00) Dollar now paid by each of the Parties hereto to the other of them and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

STATEMENTS AND RECITALS

1. The Statements and Recitals contained in the preamble hereto are true in substance and in fact and form an integral part hereof.

DEFINITIONS

2. In this Agreement, unless the context specifically indicates otherwise, the following words have the following meanings:
 - a) "Base Assessment" means the portioned final assessment by the Municipality and the City in respect of Property completed in January or February, 2001. For greater certainty, any Property not on the assessment roles in January or February, 2001, but subsequently added to the assessment roles in August or September, 2001, shall not be included in determining the Base Assessment;
 - b) "Base Taxes" means those real and personal property taxes in respect of Property determined by multiplying the Base Assessment by the lowest mill rate of the Municipality and the City applicable to such Property;
 - c) "Joint Committee" means a committee comprised of:
 - i) the Reeve (or in his or her absence, his or her designate from Council) of the Municipality and two (2) of its Councillors appointed by the Municipality; and

- 3 -

ii) the Mayor of the City (or in his or her absence, his or her designate from Council) and two (2) of its Councillors appointed by the City;

(collectively the "Representatives") to perform those duties as more fully set out in paragraph 6 hereof;

- d) "Property" means all real and personal property not included in the classes set out in Sections 3 to 9 of Regulation 184/98 of The Municipal Assessment Act, CCSM, cM226 located in The Rural Municipality of Portage la Prairie and The City of Portage la Prairie;
- e) "Proponent" means the Municipality and/or the City, as the case may be;
- f) "Services" means the provision of infrastructure services such as sewer, water, natural gas, hydro and roads and the construction of all such works and things as may be necessary to provide such services; and
- g) "Taxes" means all real and personal property taxes (determined by multiplying the portioned assessment for Property by the lowest mill rate of the Municipality and the City applicable to such Property) in respect of Property in any given calendar year in excess of Base Taxes.

SHARING OF TAXES

3. Subject to paragraph 4 hereof, Taxes shall be shared between the Municipality and the City as follows:
- a) The Municipality shall be entitled to sixty (60%) per cent of the Taxes in respect of Property located within the boundaries of The Rural Municipality of Portage la Prairie and the City shall be entitled to the balance (forty (40%) per cent) of such Taxes;
- b) The City shall be entitled to sixty (60%) per cent of the Taxes in respect of Property located within the boundaries of The City of Portage la Prairie and the Municipality shall be entitled to the balance (forty (40%) per cent) of such Taxes; and
- c) Each year, as soon as reasonably possible, the Municipality and the City will invoice each other for Taxes due to each of them from the other pursuant to

- 4 -

this paragraph 3. Notwithstanding the date of the invoice, payment of their respective share of Taxes to the other shall be due and payable to the other no later than October 15th of each year.

CAPITAL COSTS

4. a) In order to promote and enhance commercial and industrial development and growth in both The Rural Municipality of Portage la Prairie and The City of Portage la Prairie, the Parties agree that, subject to receiving the recommendation of the Joint Committee and the approval of the other Party pursuant to subparagraph 6(d) hereof, the Proponent may do all things as may be necessary to provide Services to part or parts of the Property in accordance with the Proponent's submission and, in order to do so, the Proponent shall be entitled to use Taxes to provide the Services to such part or parts of the Property; and
- b) The entitlement to and the use of Taxes for the purposes set out in subparagraph 4(a) hereof shall be in priority to the sharing of Taxes as set out in paragraph 3 hereof. For greater certainty, when calculating Taxes to be shared in accordance with paragraph 3 hereof, the Parties shall firstly deduct (and set aside, if necessary) that portion of the Taxes used or required pursuant to subparagraph 4(a) hereof.

ESTABLISHMENT OF JOINT COMMITTEE

5. a) The Municipality and the City shall each forthwith appoint two (2) of their Councillors as Representatives. Each of the Municipality and the City may replace one or more of their respective Representatives (other than, in the case of the Municipality, the Reeve and, in the case of the City, the Mayor) at any time or times as they shall see fit. A letter from the City Manager of the City and the Chief Administrative Officer of the Municipality shall be sufficient proof of the appointment of their respective Representatives.
- b) The Chief Administrative Office of the Municipality and the City Manager of the City shall ensure that adequate support staff and resources are made available to the Joint Committee at a cost to be shared equally between the Parties or as they shall otherwise agree.

- 5 -

DUTIES OF JOINT COMMITTEE

6. The Joint Committee shall have the following duties and such other duties as the Parties may jointly prescribe:
 - a) The Joint Committee shall meet at least four (4) times each calendar year and shall also meet at the request of either the Municipality or the City;
 - b) A quorum for a meeting of the Joint Committee shall be a majority of the Representatives and, subject to the approval of the Municipality and the City, the Joint Committee shall be entitled to elect its own Chairman, establish its own rules and procedures and do all such things as may be necessary in order to ensure the efficient operation of the Joint Committee;
 - c) Each Representative shall have one (1) vote on all matters and a decision of the Joint Committee shall require no less than a majority of votes cast for the matter to be approved; and
 - d) Upon written submission by a Proponent, the Joint Committee shall meet and determine whether, on the merits of the submission, it believes the submission qualifies for a sharing of Taxes under this Agreement and, if so, the Joint Committee shall recommend such submission to both the Municipality and the City or their respective economic development agencies or the appropriate department within the Municipality or the City charged with the responsibility for promotion and enhancement of economic development. The Proponent may, subject to the recommendation aforesaid and the approval of the other Party hereto, proceed to provide the Services to part or parts of the Property in accordance with the submission. In doing so, the Proponent shall be entitled to use Taxes to cover the cost of providing the Services.

RESOLUTION OF DISPUTES

7. If the Joint Committee cannot agree on a matter, the matter shall be referred to the Councils of the Municipality and the City for review and determination. The Municipality and the City agree to convene a joint meeting of their respective Councils to review and determine the matter. If the joint meeting of the Councils cannot determine the matter, either Party may refer the matter to arbitration as provided in paragraph 8 hereof.

- 6 -

8. If, at any time during the term hereof, any dispute, difference or question shall arise between the Municipality and the City touching matters not specifically provided for herein, or any issue shall arise touching the construction, meaning or effect of this Agreement or anything herein contained, or the rights or liabilities of the Parties under this Agreement, then every such dispute, difference or question shall be referred to a single arbitrator, if the Parties can agree upon one. Otherwise, the matter shall be referred to a Board of three (3) Arbitrators, one to be appointed by each Party and the third to be appointed by the first two named Arbitrators in writing, before they enter upon the business of the reference. If either of the Party shall refuse or neglect to appoint an Arbitrator (the "Non-Appointing Party") within ten (10) days after the other Party shall have appointed an Arbitrator (the "Appointing Party"), and the Appointing Party shall have served a written notice upon the Non-Appointing Party requiring the Non-Appointing Party to make such appointment, and the Non-Appointing Party fails to make such appointment with five (5) days of receipt of such notice, then Arbitrator first appointed shall, at the request of the Appointing Party, proceed to hear and determine the matter at issue as if he or she were a single Arbitrator appointed by both Parties for that purpose. The award or determination which shall be made by the said Arbitrator, the Arbitrators or the majority of them, shall be final and binding upon the Parties hereto and their respective successors and permitted assigns. In the event that the first two named Arbitrators are unable to agree upon a third within seven (7) days after the appointment the last, that on motion of either Arbitrator to any Judge of the Court of Queen's Bench in Manitoba, such Judge shall be entitled to name the third Arbitrator, whose appointment shall be final and binding upon the Parties. In all respects, subject to the terms of this Agreement, The Arbitration Act (Manitoba) and amendments thereto shall govern such proceedings and the Arbitrator or Arbitrators shall be entitled to fix and apportion liability for the costs of the Arbitration.

TERM

9. The Parties recognize and agree that by entering into this Agreement, they are irrevocably committing to a course of action which may be very difficult, if not impossible, to unwind. Therefore, this Agreement shall continue and remain in full force and effect for the benefit of both Parties until such time as they mutually agree to terminate this Agreement.

- 7 -

NOTICE

10. a) Any Notice to be served on either of the Parties by the other shall be personally served, or shall be sent by prepaid recorded delivery or registered mail or facsimile at the following addresses or numbers:

Rural Municipality of Portage la Prairie:

Address: 35 Tupper Street South
Portage la Prairie, Manitoba
R1N 1W7

Attention: Chief Administrative Officer

Facsimile Number: (204) 239 - 0069

The City of Portage la Prairie:

Address: 97 Saskatchewan Avenue East
Portage la Prairie, Manitoba
R1N 0L8

Attention: City Manager

Facsimile No. (204) 239 - 1532

- b) Notice provided in accordance with paragraph 10(a) shall be deemed to have been received by the addressee Party immediately upon personal delivery, or three (3) business days after mailing, or one (1) day after facsimile transmission, provided that such facsimile transmission is received on a business day, otherwise on the next business day. In the event of a threatened or actual postal strike or disruption, all notice shall be served personally or by facsimile transmission.

GOVERNING LAW

11. This Agreement shall be governed by and interpreted in accordance with the laws of

the Province of Manitoba and the Parties irrevocably attorn to the jurisdiction of the Courts of the Province of Manitoba.

FURTHER DOCUMENTS

- 12. The Parties agree that each of them shall, upon the reasonable request of the other, do or cause to be done all further lawful acts, deeds and assurances whatsoever for the better performance of the terms and conditions of this Agreement.

ENUREMENT/TIME OF THE ESSENCE

- 13. This Agreement shall enure to benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. Time shall be of the essence hereof.

IN WITNESS WHEREOF, the Parties hereto have executed these presences as of the day and year first above written.

THE RURAL MUNICIPALITY OF PORTAGE LA PRAIRIE

Per: James A. Knight

Per: [Signature]

THE CITY OF PORTAGE LA PRAIRIE

Per: [Signature]

Per: Margaret Loewen

**Memorandum of Understanding
Commercial and Industrial Development Agreement**

The Rural Municipality of Portage la Prairie

- and -

The City of Portage la Prairie

WHEREAS the Parties believe that there are significant opportunities to promote and enhance commercial and industrial development and growth in both The Rural Municipality of Portage la Prairie and The City of Portage la Prairie by working together in a co-operative manner;

AND WHEREAS one of the ways in which the Parties wish to work together is to enter into this Agreement which provides for:

- a) a sharing of real property taxes paid or payable to them in respect of certain types of assessed property located in The Rural Municipality of Portage la Prairie and The City of Portage la Prairie; and
- b) a mechanism for the Municipality and the City to use part of such taxes to provide municipal infrastructure services, such as sewer, water and roads to certain types of property within their respective boundaries;

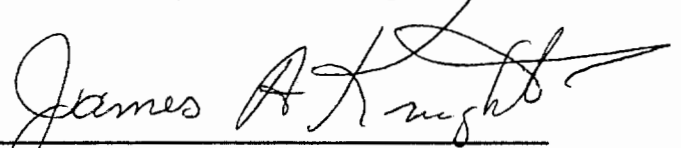
AND WHEREAS Section 259 of The Municipal Act provides that two (2) or more municipalities may enter into an agreement to share taxes or grants in lieu of taxes paid or payable to them or any of them;

THEREFORE the Councils hereby agree to the following principles:

- i) Tax sharing of Commercial and Industrial Growth each with the other on a 60/40% split of property taxes;
- ii) Establish a process to recover capital expenditures for Infrastructure Services;
- iii) Establish a Committee of 3 elected members of Council from each municipality;
- iv) Establish a list of duties for the appointed Committee;
- v) Establish a commencement date for the agreement;
- vi) Establish a resolution of disputes;
- vii) Include all necessary things to provide assurances whatsoever for the better performance of the terms and conditions of this Agreement.

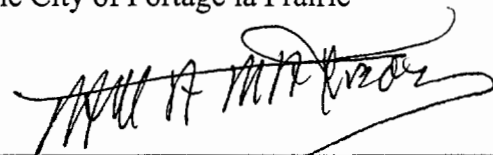
In Witness Whereof, the parties hereto have agreed to this the 4th day of October, 2000.

The Rural Municipality of Portage la Prairie



Reeve: James A. Knight

The City of Portage la Prairie



Mayor: Ian A. MacKenzie