

MEMORANDUM OF AGREEMENT entered into this ____ day of _____, 2023.

BETWEEN:

Saddle Hills County, a municipal corporation incorporated under the laws of the Province of Alberta

(hereinafter referred to as "Saddle Hills")

OF THE FIRST PART

-and-

Municipal District of Spirit River No. 133, a municipal corporation incorporated under the laws of the Province of Alberta

(hereinafter referred to as "Municipal District of Spirit River")

OF THE SECOND PART

-and-

Birch Hills County, a municipal corporation incorporated under the laws of the Province of Alberta

(hereinafter referred to as "Birch Hills")

OF THE THIRD PART

-and-

Town of Spirit River, a municipal corporation incorporated under the laws of the Province of Alberta

(hereinafter referred to as "Town of Spirit River")

OF THE FOURTH PART

-and-

Village of Rycroft, a municipal corporation incorporated under the laws of the Province of Alberta

(hereinafter referred to as "Rycroft")

OF THE FIFTH PART

-and-

CENTRAL PEACE MEDICAL SERVICES CORPORATION,
a not for profit corporation incorporated
under the Companies Act (Alberta)

(hereinafter referred to as the "Corporation")

OF THE SIXTH PART

WHEREAS Saddle Hills County, the Municipal District of Spirit River No. 133, Birch Hills County, the Town of Spirit River and the Village of Rycroft (the "Central Peace Municipalities") wish to enter into an agreement setting out their respective duties regarding the construction and development of the Central Peace Medical Health Center (the "CPMHC") on that certain parcel of land located in the Town of Spirit River, in the Province of Alberta, and legally described as:

Plan 1970BP
Block 6
Lots 1, 2, 3, 4, 5, 6, 7, 8, 9

(the "Lands")

AND WHEREAS the Central Peace Municipalities have each approved the construction and development of the CPMHC on the Lands as provided for and contemplated herein, and the Central Peace Municipalities have incorporated and established the Corporation to lease and operate the CPMHC as contemplated herein;

AND WHEREAS Saddle Hills County and the Municipal District of Spirit River No. 133, Birch Hills County, the Town of Spirit River and the Village of Rycroft as the registered owners of the Lands have entered into an Operating Lease with the Corporation, dated December 11th, 2018.

AND WHEREAS the Central Peace Municipalities now wish to enter into an Agreement with each other to describe and define the relationship of the Central Peace Municipalities with the Corporation and to each other on the terms and subject to the conditions hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto in consideration of the mutual covenants and agreements hereinafter set forth, covenant and agree, except as otherwise stated, with each other as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 **Definitions** - In this Agreement, unless the context provides otherwise, the following words or phrases shall have the following meanings:

- a) "Approved Budgets" shall mean the capital and operating budgets for the Corporation for a fiscal period once they have been approved by the Corporation;
- b) "Board" shall mean the Board of Directors of the Corporation to be appointed pursuant to this Agreement;
- c) "Council" shall mean the municipal Council of a Central Peace Municipality;
- d) "CPMHC" shall mean the Central Peace Medical Health Center ~~to be~~ constructed and developed by the Central Peace Municipalities on the Lands, together with the Lands and all equipment, furnishings, installations and appurtenances to the CPMHC (Schedule A - Assets List) and improvements to the Lands either provided by the Central Peace Municipalities or acquired by the Corporation for the operation and maintenance of the CPMHC.

1.2 **Interpretation** - In this Agreement, save where the contrary is expressed:

- a) The headings are for convenience of reference only and shall not be used in construction or interpretation.
- b) Where a period of time is prescribed, dated or calculated from a day or event, the time shall be calculated excluding such day or the day of such event unless a contrary intent appears.
- c) Words importing the singular shall include the plural, and words importing the masculine shall include the feminine or neuter or corporations, or vice versa, as the context or the number or gender, from time to time, so requires.
- d) Should any provision be illegal, void or otherwise unenforceable, such provision shall be severed from this Agreement and the rest of this Agreement shall remain in full force and effect and be binding upon the Parties as though the said provision or provisions had never been included.

ARTICLE 2

OWNERSHIP, PRINCIPLES AND APPROVED USES

2.1 **Approved Uses** - The Central Peace Municipalities and the Corporation covenant and agree that the CPMHC will be constructed by the Central Peace Municipalities and leased and operated by the Corporation to provide a medical health centre and medical services to the residents of the Central Peace Municipalities. Without restricting the generality of the foregoing, the CPMHC shall be leased and operated by the Corporation only for the following uses: to provide a medical health centre and medical services to the residents of the Central Peace Municipalities.

2.2 Construction Costs - The cost of the construction and development of the CPMHC and acquisition of all equipment, furnishings, installations and appurtenances to the CPMHC (Schedule A - Assets List) will be shared by the Central Peace Municipalities in these percentages:

Saddle Hills County	60%
Town of Spirit River	15%
MD of Spirit River	12.5%
Birch Hills County	10%
Village of Rycroft	2.5%
Total	100%

2.3 Ownership

- a) Saddle Hills County hereby agrees to sell, transfer and assign to the Central Peace Municipalities and the Central Peace Municipalities hereby agrees to purchase from the Vendor, all of the right, title and interest of Saddle Hills County in and to the Lands and the CPMHC on an "as is where is" basis, as of and from the Closing Date, which shall be 90 days from completion of the construction of the CPMHC. The Purchase Price for the Lands and the CPMHC will be \$10.00, exclusive of GST or other applicable taxes (the "Purchase Price").
- b) Ownership of the Lands and the CPMHC will be shared by the Central Peace Municipalities in these percentages:

Saddle Hills County	60%
Town of Spirit River	15%
MD of Spirit River	12.5%
Birch Hills County	10%
Village of Rycroft	2.5%
Total	100%

2.4 Guiding Principles - The Central Peace Municipalities and the Corporation covenant and agree with each other that the CPMHC has been designed and constructed and shall be operated and maintained based upon the following guiding principles:

- a) The CPMHC has been designed and will at all times be operated and maintained to provide medical health centre and medical services to the residents of the Central Peace Municipalities
- b) The Corporation shall endeavour to operate the CPMHC on a breakeven basis financially and the rents and leases for the CPMHC shall be set by the Board at a level which will ensure an optimal financial return for the CPMHC. All profits from the operation of the CPMHC shall go back into the CPMHC for the purpose of debt retirement or reduced costs of operation;
- c) The CPMHC has been designed and will be operated and maintained by the Board on the basis that each Central Peace Municipality shall pay its share of the capital costs of the CPMHC and operating deficits for the CPMHC in these percentages:

Saddle Hills County	30%
Birch Hills County	20%
Town of Spirit River	20%
MD of Spirit River	20%
Village of Rycroft	10%

Total 100%

- d) Capital costs of the CPMHC shall be attributed between the Central Peace Municipalities as agreed upon by the Board.

ARTICLE 3

ESTABLISHMENT AND ORGANIZATION OF THE CORPORATION

- 3.1 **Incorporation of Corporation** - The Central Peace Municipalities each acknowledge and agree that the Corporation has been incorporated by the Central Peace Municipalities for the purpose of leasing and operating the CPMHC and that the Memorandum of Association and the Articles of Association of the Corporation shall at all times be consistent with the terms and conditions contained in this Agreement.
- 3.2 **Organization of Corporation** - Without restriction to paragraph 3.1 above, the parties agree as follows:
 - a) Each of the Central Peace Municipalities shall be a member of the Corporation;
 - b) There shall be five (5) directors of the Corporation, with each Central Peace Municipality, through its Council, appointing one Director to the Board, as well as one alternate Director to serve as a Director in the absence of the Director. A council shall be at liberty to appoint a member of Council or a person at large in the community as a Director;
 - c) The Officers of the Corporation shall be the Chair, Vice-Chair, Secretary, Treasurer, Chief Operating Officer and such other officers as the Board of Directors may by resolution determine. The Chair and Vice-Chair must be Directors;
 - d) The Chair shall preside at all meetings of the Members, the Board of Directors and any committees of which he is a member;
 - e) A quorum of the Board shall be a majority of Directors;
 - f) The Board may reasonably remunerate any Member, Director or Officer for goods provided or services rendered and be incorporated into the annual budget.
 - g) The Board shall establish and approve a policy for the public tendering of materials and services required for the operation, maintenance and management of the CPMHC;

h) The Corporation shall indemnify and save harmless each board member from all liability, costs, expenses and claims which may be made against a board member in the course of carrying out the board member's lawful duties as a member of the Board;

i) Upon the dissolution of the Corporation, the assets of the CPMHC shall be distributed in these percentages:

Saddle Hills County	60%
Birch Hills County	10%
Town of Spirit River	15%
MD of Spirit River	12.5%
Village of Rycroft	2.5%
Total	100%

ARTICLE 4

ACTIVITIES REQUIRING THE CONSENT OF THE MUNICIPALITIES

4.1 The Corporation shall not, without the consent and approval of the Council of each of the Central Peace Municipalities:

- a) sublease or otherwise give up possession of all or a portion of the CPMHC to a third party except for sublease of portions of the CPMHC for commercial uses which are ancillary or complementary to the uses described in paragraph 2.1;
- b) adopt a name or logo for the CPMHC or any portion of the CPMHC;
- c) substantially alter or change the CPMHC or permit or allow other improvements or installations to be constructed or installed on the Lands other than in accordance with an Approved Budget;
- d) permit any use of the CPMHC for other than the uses described in paragraph 2.1;
- e) incur any debts or other obligations in the aggregate in excess of \$500,000.00 or as otherwise provided for in an Approved Budget; or
- f) change the fiscal period of the Corporation from the calendar year.

ARTICLE 5

BUDGETING PROCESS

5.1 The Chief Administrative Officers of the Central Peace Municipalities will meet in November of each calendar year to review and comment upon the draft operating and capital budgets.

5.2 The Chief Operating Officer and Treasurer will present the draft budget to the Board for their final Approval prior to December 31st each year.

ARTICLE 6

SUBSIDIES

6.1 The Central Peace Municipalities each agree that any deficit shown in annual financial statements approved by the Board shall be shared by the Central Peace Municipalities by way of a subsidy or grant to the Corporation in the following proportions:

Saddle Hills County	30%
Birch Hills County	20%
Town Spirit River	20%
MD of Spirit River	20%
Village of Rycroft	10%
Total	100%

6.2 Each of the Central Peace Municipalities shall remit to the Corporation its share of any subsidy or grant to the Corporation through a requisition or as otherwise determined by the Corporation based upon Approved Financial Statements.

ARTICLE 7

MEDIATION

7.1 The purpose of this Article is to set forth a framework and procedure pursuant to which each party agrees to use reasonable efforts to resolve disputes that may arise under this Agreement. To achieve this goal the parties agree to use mediation procedures to resolve any disputes which may arise between the parties.

7.2 All information disclosed by a party pursuant to the mediation procedure shall be treated as privileged, confidential and without prejudice and neither the delivery nor the disclosure of information shall represent any waiver of privilege by a party disclosing the same.

7.3 When a dispute is referred to mediation, the parties shall immediately meet and attempt to appoint a mediator who shall be qualified by education and experience to address the matter in dispute. If the parties fail to appoint a mediator within five (5) business days after a dispute has been referred to mediation or if the dispute is not resolved by the mediator within thirty (30) days of the mediator's appointment then the mediation process, unless the parties otherwise agree, shall be terminated.

7.4 The mediation process set out in this Article shall not apply to any issue or matter under this Agreement which requires the approval of the Councils of the Central Peace Municipalities.

ARTICLE 8

ARBITRATION

8.1 In the event of a dispute arising between the parties, or any of them, regarding the interpretation, application, operation or any alleged violation of this Agreement,

such dispute shall be determined by arbitration in accordance with this section.

- 8.2 The party alleging a dispute shall notify the other party in writing of the details of the nature and extent of the dispute. Within 7 calendar days from receipt of notice, the opposite party shall in writing notify the party preparing the initial notice of any matter referred to in the initial notice for which it accepts responsibility and proposes to take remedial action. The terms of reference for arbitration shall be those areas of dispute referred to in the initial notice with respect to which the opposite party has not admitted responsibility or proposed to take remedial action to the satisfaction of the first party.
- 8.3 Each party shall, within 7 calendar days of the establishment of the terms of reference, appoint an arbitrator and the two arbitrators shall within 7 calendar days of their appointment appoint a third member of the arbitration committee who will act as chairperson. However, if the two arbitrators fail to appoint a chairperson, then both or either party may apply to a Justice of the Court of Queen's Bench of Alberta to have the chairperson appointed.
- 8.4 If either party fails to appoint an arbitrator within the 7 day period, the arbitrator appointed by the one party shall be deemed to be the arbitration committee and a decision of such arbitrator shall be binding upon the parties.
- 8.5 Within 30 calendar days of the establishment of the arbitration committee, or such further period as may be agreed upon by the parties, the arbitration committee shall resolve the matters in dispute referred to in the terms of reference.
- 8.6 The decision of the majority of the arbitration committee shall be the decision of the committee and shall be binding upon the parties.
- 8.7 The cost of the arbitration committee shall be borne equally by the parties.

ARTICLE 9

TERM OF AGREEMENT AND WITHDRAWAL OF A MUNICIPALITY

- 9.1 This Agreement shall remain in effect for a period of ninety-nine (99) years from the date of completion of the CPMHC and may be extended for such additional term or terms as the parties hereto may agree.
- 9.2 No Central Peace Municipality shall dispose of all or any portion of its interest in the Lands and the CPMHC without the consent of the other Central Peace Municipalities.
- 9.3 In the event that one or more of the Central Peace Municipalities shall wish to dispose of all or a portion of its interest in the Lands and the CPMHC (such Municipality being hereinafter referred to as the "Offeror"), the Offeror shall give the other Central Peace Municipalities notice in writing of the Offeror's intention to dispose of its interest in the Lands and the CPMHC and such interest shall be forfeited to the remaining Central Peace Municipalities pro rata in accordance with their respective ownership interests in the Lands and the CPMHC within ninety (90) days of the date of receipt of such notice and the Offeror shall receive no consideration for its interest in the Lands and the CPMHC .

- 9.4 The Central Peace Municipalities shall be at liberty from time to time to add another or other parties to this Agreement with the prior approval of the Council of each Central Peace Municipality.
- 9.5 At any time following the completion of the tenth (10th) calendar year of operation of the CPMHC, the Council of a Central Peace Municipality may elect on one (1) year's notice in writing to the other Central Peace Municipalities to withdraw from the Corporation and the Lands and the CPMHC and upon the expiration of the said one (1) year period the Central Peace Municipality electing to withdraw shall continue to remain responsible for any indebtedness which the Central Peace Municipality has incurred for that Central Peace Municipality's share of the Cost of Construction of the CPMHC, and that Central Peace Municipality shall no longer be responsible for any deficits arising from the operation of the CPMHC after the expiration of the said one (1) year period and that Central Peace Municipality shall no longer be a party to this Agreement and shall not have any representations on the Board.

ARTICLE 10

NOTICES

- 10.1 Any notices or other communications required under this Agreement shall, unless otherwise provided herein, be deemed to be properly given if sent by registered mail or delivered by hand to the other party at the following addresses:

Attention: CAO
Saddle Hills County
RR 1,
Spirit River, Alberta, T0H 3G0

Attention: CAO
Municipal District of Spirit River No. 133
P.O. Box 389,
Spirit River, Alberta, T0H 3G0

Attention: CAO
Birch Hills County
P.O. Box 157,
Wanham, Alberta T0H 3P0

Attention: CAO
Town of Spirit River
P.O. Box 130,
Spirit River, Alberta, T0H 3G0

Attention: CAO
Village of Rycroft
P.O. Box 360,
Rycroft, Alberta T0H 3A0

and shall be deemed to be received, in the case of registered mail five (5) days after the date of mailing and, in the case of delivery by hand one day after the date of delivery.

ARTICLE 11

AMENDMENT OF AGREEMENT

11.1 Any amendment of this Agreement shall be in writing and shall be subject to the approval of the Council of each Municipality.

IN WITNESS WHEREOF the Parties have hereunto affixed their seals by the hands of their proper officers in that behalf as of the day and year first above written.

Saddle Hills County:

Per: _____
Name & Title:

Witness

Per: _____
Chief Administrative Officer

Municipal District of Spirit River:

Per: _____
Name & Title:

Witness

Per: _____
Chief Administrative Officer

Birch Hills County:

Per: _____
Name & Title:

Witness

Per: _____
Chief Administrative Officer

Town of Spirit River:

Per: _____
Name & Title:

Witness

Per: _____
Chief Administrative Officer

Village of Rycroft:

Per: _____
Name & Title:

Witness

Per: _____
Chief Administrative Officer