

VILLAGE OF CHASE

BYLAW NO. 585-1999

A Bylaw to Authorize an Agreement with the Chase and District Recreation Society and to Provide for Assistance to the Society.

WHEREAS the Chase and District Recreation Society has proposed to construct an ice arena facility that will provide recreational services to the residents of the Village of Chase and adjacent areas:

AND WHEREAS Section 176 of the Municipal Act authorizes Council to make agreements respecting local government services and to provide assistance for the purpose of benefiting the community or any aspect of the community;

NOW THEREFORE the Council of the Village of Chase, in open meeting assembled, enacts as follows;

Title

1. This bylaw may be cited as the "Arena Partnering Agreement No.585 -1999."

Authorization of Agreement

2. The Village of Chase is authorized to enter an agreement with the Chase and District Recreation Society (the " Agreement "), a copy of which is attached as Appendix 1 to this bylaw.
3. The Mayor and Clerk are authorized to execute and affix the corporate seal to the Agreement and any further documents which are necessary for the completion of the Agreement.

Lease

4. The lease to the Society of Lot 1, District Lot 517, Kamloops Division Yale District, Plan 20201, Except Plan KAP 49449, on the terms set out in Schedule "A" of the Agreement, is authorized on behalf of the Village.

Loan Guarantee

5. The loan guarantee set out in Part 5 of the Agreement is authorized on behalf of the Village.
6. The Mayor and Clerk are authorized to execute and affix the corporate seal of the Village to the loan guarantee agreement with the Royal Bank of Canada, a copy of which is attached as Appendix 2 to this bylaw.

Grants of Assistance

7. The grants of assistance set out in Part 6, of the Agreement are authorized on behalf of the Village, on the terms set out in Part 6.

Tax Exemption

8. The property tax exemption set out in Part 7 of the agreement is authorized on behalf of the Village.
9. The Tax Exemption provided by Section 8 shall only be effective in relation to that portion of the land and improvements which are used for the purpose of public recreation.
10. The property tax exemption approved by this bylaw shall take effect during 2000 and shall continue in accordance with the Agreement.

No Severability

11. No part of the bylaw shall be severable from the remainder of this bylaw.

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Appendices

12. Appendix 1 and Appendix 2 form part of this bylaw.

GIVEN FIRST READING this 23rd day of March, 1999.

GIVEN SECOND READING this 23rd day of March, 1999.


GIVEN THIRD READING this 23rd day of March, 1999.

ASSENTED TO BY THE ELECTORS at voting held on the 24TH day of April, 1999.

ADOPTED this 11TH day of MAY, 1999.




Mayor



Clerk

Certified a true copy of
Bylaw No. 585-1999.



Clerk

THIS AGREEMENT made the __ day of _____, 1999.

BETWEEN:

VILLAGE OF CHASE

P.O. Box 440
Chase, B.C.
V0E 1M0

(the "Village")

AND:

CHASE AND DISTRICT RECREATION CENTRE SOCIETY

P.O. Box 1239
Chase, B.C.
V0E 1M0

(the "Society")

WHEREAS:

- A. The Village and the Society have agreed that the residents of the Village and the surrounding area would benefit from the establishment of a recreation centre incorporating an ice arena.
- B. The Society is prepared to construct and operate the proposed recreation centre.
- C. The Village has agreed to lease land to the Society for the purpose of the recreation centre and to provide assistance to the Society on the terms set out in this agreement.
- D. The Village and the Society have agreed to enter this agreement as a partnering agreement pursuant to the Municipal Act.
- E. This agreement and the assistance to be provided by the Village have received the assent of the electors of the Village.

NOW THEREFORE the Village and the Society, in consideration of \$1.00 and other valuable consideration paid by the Society to the Village, receipt and sufficiency of which is acknowledged, agree as follows:

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Part 1 - Interpretation

Definitions

1.1 In this agreement:

"Board" means the Board of Management appointed under Part 4 of this agreement.

"Lease" means the lease of Lot 1 to the Society by the Village, on the terms set out in Schedule "A" to this agreement.

"Lot 1" means that parcel of land legally described as Lot 1, District Lot 517, Kamloops Division, Yale District, Plan 20201, Except Plan KAP49449 (Parcel Identifier No.: 007-819-750).

"Recreation Centre" means the ice arena complex described in Schedule "B" to this agreement, to be constructed on Lot 1, together with all utilities, services, access routes, parking areas and other improvements on Lot 1 which are necessary or convenient for the ice arena complex.

"Recreation Service" means the use of the Recreation Centre for public recreational activities involving an ice arena, including without limitation recreational skating, figure skating and ice hockey.

"Service Area" means the Village of Chase and Electoral Areas L and P of the Thompson-Nicola Regional District.

1.2 Wherever the singular or masculine is used in this agreement, the same is deemed to include the plural or the feminine or the body politic or corporate as the context requires.

Part 2 - Lease

Lease

2.1 By executing this agreement, the Village and the Society have entered the Lease, which forms part of this agreement.

Part 3 - Society's Obligations

Funding

- 3.1 The Society shall diligently seek a source or sources of funding for the construction and development of the Recreation Centre. The Society shall seek contributions, donations and loans for that purpose.

Planning and Design

- 3.2 The Society shall carry out all planning which is necessary for the development of the Recreation Centre and shall retain such consultants as are required for the design and engineering of the Recreation Centre.

Plans and Construction Program

- 3.3 Prior to beginning construction of the Recreation Centre, the Society shall submit complete design drawings and a full construction program for the Recreation Centre to the Village for its approval, such approval not to be unreasonably withheld.

Construction and Development

- 3.4 Upon confirmation that adequate funding has been secured by the Society and upon acceptance by the Village of the construction and development plans for the Recreation Centre, the Society shall oversee the construction and development of the Recreation Centre. Without limitation, the Society shall enter contracts for engineering services, construction management services, construction and inspection of the Recreation Centre.
- 3.5 The Society shall call for public tenders on any contract for construction of the Recreation Centre.
- 3.6 The Society shall be responsible for obtaining all permits, authorizations and inspections required for the Recreation Centre and shall pay all fees, charges and levies.

Operation

- 3.7 The Society, through the Management Board, shall operate the Recreation Centre until May 31, 2019. Without limitation, the Society shall provide all equipment, supplies and operating personnel and may enter contracts for management, maintenance and provision of food and other services in the Recreation Centre.

- 3.8 No member of the Society or the Board shall be a party to any contract entered by the Society pursuant to Section 3.7.
- 3.9 The Society shall provide the Recreation Service on behalf of the Village to the residents of the Service Area. The Recreation Centre shall not be committed to use by any group made up primarily of non-residents of the Service Area without the prior written consent of the Village.
- 3.10 All residents of the Service Area shall have an equal opportunity to participate in the recreational services provided by the Society, in accordance with the programs and policies established by the Board.
- 3.11 No distinction shall be made between residents of the Service Area in the establishment of user fees and other charges.

No Agency

- 3.12 The Society shall provide the Recreation Service as an independent contractor under this agreement. The Society shall not represent to any person that it is the agent of the Village in respect of any matter.

Part 4 - Board of Management

Composition of Board

- 4.1 The Board shall consist of four representatives appointed by the Society and three representatives appointed by the Council of the Village. No alternate members shall be appointed.

Meetings

- 4.2 The Board shall meet at least once each calendar month, unless the members of the Board unanimously agree not to meet.

Term

- 4.3 The members of the Board shall serve for a term of two years, ending on June 30 in each odd-numbered year. A member may be reappointed for one or more subsequent terms.

Functions of the Board

- 4.4 The Board shall be responsible for establishing policies for the operation of the Recreation Centre and approving recreational programs. Without limitation, the Board shall establish policies for hours of operation, admission fees, rental charges, booking priorities and special events.
- 4.5 The Board shall make recommendations to the Society concerning the form, contents, entry and renewal of all contracts and licences related to the operation of the Recreation Centre, including management, concession, maintenance and repair contracts.

Part 5 - Loan Guarantee

Guarantee

- 5.1 The Village shall guarantee the repayment of the principal and interest of a loan to be obtained by the Society towards the capital costs of the initial construction and development of the Recreation Centre, to a maximum guarantee amount of \$1.4 million.
- 5.2 The guarantee agreement shall be on terms that are satisfactory to the Village. No loan which is guaranteed by the Village under this agreement shall have a term which expires later than December 31, 2019.

Part 6 - Grants of Assistance

Assistance

- 6.1 On or before the next August 1 after the Society completes the Recreation Centre, the Village shall provide the Society with a grant of \$75,000.00. The grant shall be used by the Society towards the costs of meeting the Society's obligations under Sections 3.7 and 3.9 of this agreement.
- 6.2 Provided that the Society continues to operate the Recreation Centre in accordance with this agreement, the Village shall provide the Society with a grant of up to \$75,000.00 on or before every subsequent August 1, during the term of this agreement, to be used for the purposes described in Section 6.1.

- 6.3 The grants provided under Section 6.2 shall be used only to meet any deficiency in the net operating and maintenance costs of the Recreation Centre, after taking into account all revenue derived from operations. In the event that the entire \$75,000.00 amount of an annual grant is not required for that purpose, the balance shall be deducted from the grant paid in the following year.
- 6.4 Upon the Society obtaining a loan for the purposes described in Section 5.1, the Village shall provide the Society with a further annual grant of up to \$132,000.00, to be paid on or before August 1 of each year during the term of this agreement.
- 6.5 The grant provided under Section 6.4 shall be used only for the repayment of the principal and interest of a loan obtained for the purposes of Section 5.1. If the annual principal and interest payment is less than \$132,000.00, the grant provided under Section 6.4 shall be reduced to the actual amount required.
- 6.6 If the revenue from operation of the Recreation Centre exceeds the operating costs, any balance shall be paid by the Society towards the repayment of any loan obtained by the Society towards the capital costs of the construction and development of the Recreation Centre.
- 6.7 In the event that the Society defaults upon any required payment under its loan agreement, no further grants shall be payable to the Society under Section 6.4.

Part 7 - Tax Exemption

Exemption

- 7.1 Provided that the Society continues to operate the Recreation Centre in accordance with this agreement, the buildings and improvements on Lot 1 shall be exempted from the municipal portion of property taxes during the term of this agreement, pursuant to Section 344.1 of the Municipal Act.

Part 8 - Termination

Early Termination

- 8.1 This agreement may be terminated by the Village upon 14 days notice to the Society if:
- (a) the Society has not obtained a building permit and begun the construction of the Recreation Centre by June 1, 2000;

- (b) the Society has not completed construction of the Recreation Centre, obtained an occupancy permit and begun operation of the Recreation Centre by June 1, 2001;
- (c) the Society begins operation of the Recreation Centre and at any time during this agreement ceases to operate the Recreation Centre for 30 consecutive days during the period between October 1 and March 31; or
- (d) the Village is required to make any payment on any loan guarantee agreement entered by the Village under this agreement.

Termination for Breach

8.2 In addition to the grounds of termination in Section 8.1, this agreement may be terminated by the Village in accordance with Sections 8.3 and 8.4 upon any breach of this agreement by the Society.

Termination for Non-Compliance

8.3 If the Society is not in compliance with any term of this agreement, the Village may deliver written notice of non-compliance to the Society, setting out the particulars of the Society's violation of this agreement.

8.4 Upon receiving notice of non-compliance under Section 8.3, the Society shall have 14 days to fully remedy the non-compliance. If the Society does not completely correct the non-compliance within 14 days, this agreement may be terminated without further notice upon written notification from the Village to the Society.

Part 9 - Miscellaneous

No Waiver

9.1 No waiver of any default under this agreement by either party shall be effective unless expressed in writing by the party waiving default, and no condoning, overlooking or excusing by either party of a previous default shall be taken to operate as a waiver of any subsequent default or continuing default, or to in any way defeat or affect the rights and remedies of the non-defaulting party.

No Derogation

9.2 This agreement does not:

- (a) affect or limit the discretion, rights, duties or powers of the Village under any statute, bylaw, or other enactment;

- (b) affect or limit any statute, bylaw or other enactment applying to Lot 1; or
- (c) relieve the Society from complying with any statute, bylaw or other enactment.

Access to Records and Facilities

9.3 Upon not less than 24 hours notice to the Society, the Village shall have unrestricted access to the records of the Society relating to the development and operation of the Recreation Centre. The Village shall also have the right to inspect any portion of the Recreation Centre.

Notice

9.4 Any notice to be given pursuant to this agreement shall be in writing, and may be delivered personally or sent by prepaid mail.

Approvals

9.5 Any approval given by the Village under this agreement shall only be effective if authorized by a resolution adopted by the Council of the Village.

Severance

9.6 If any section or lesser portion of this agreement is held to be invalid by a court, the invalid portion shall be severed and the decision that it is invalid shall not affect the validity of the remainder of the agreement.

Entire Agreement

9.7 This agreement is the entire agreement between the parties with regard to its subject matter, and neither the Village nor the Society has made representations, warranties, guarantees, promises, covenants or agreements except those expressed in writing in this agreement.

Amendment

9.8 No amendment of this agreement shall be valid unless in writing and executed by the parties.

The corporate seal of the)
VILLAGE OF CHASE was)
hereunto affixed in the)
presence of:) C/S
)
)
_____)
Mayor)
)
_____)
Clerk)

The corporate seal of the)
CHASE AND DISTRICT)
RECREATION CENTRE)
SOCIETY was hereunto affixed)
in the presence of:) C/S
)
)
_____)
Authorized Signatory)
)
_____)
Authorized Signatory)

Schedule "A" - Lease

Grant of Lease

2.1 The Village leases Lot 1 to the Society.

Term of Lease

2.2 The term of this lease shall begin on June 1, 1999 and end on May 31, 2019, subject to any earlier termination as provided for in this agreement.

Rent

2.3 The total rent is \$1.00, payable in advance. The Village acknowledges receipt of the rent.

Use of Lot 1

2.4 Lot 1 shall be used only for the purpose of developing, constructing, operating and maintaining the Recreation Centre as a recreational facility open to the public.

Ownership of Facilities

2.5 The Recreation Centre and any other improvements which may be constructed upon Lot 1 from time to time shall be fixtures to Lot 1 and shall become the absolute property of the Village upon the expiry or early termination of this lease, without any payment by the Village and free and clear of any mortgages, charges or encumbrances.

2.6 Despite Section 2.5, during this lease the Recreation Centre and any other improvements to Lot 1 shall be deemed, as between the Society and the Village, to be the separate property of the Society and not of the Village.

Prior Charges

2.7 This lease is subject to the rights granted and reserved to the Village in the statutory right of way agreement registered in the Kamloops Land Title Office under No. KG63901.

Net Lease

- 2.8 The Society acknowledges and agrees that, except for any amount which the Village has specifically agreed to pay to the Society, this lease is a completely net lease to the Village and that the Village shall not be responsible for any costs of any nature relating to the use, development or occupancy of Lot 1 during the term of this lease.

Representations and Warranties

- 2.9 The Society acknowledges that the Village makes no representations or warranties, express or implied, of any kind in relation to the state of title to Lot 1, the condition of Lot 1 or its suitability for its use or development, or any third party claims in relation to Lot 1.

Dealings in Lease and Improvements

- 2.10 This lease shall not be registered, transferred, assigned, mortgaged or otherwise dealt with by the Society unless the prior written authorization of the Village has been obtained. Such authorization may be withheld in the unrestricted discretion of the Village.
- 2.11 All dealings by the Society with respect to the Recreation Centre which affect title to the Recreation Centre shall be made expressly subject to all the provisions of this lease and the rights of the Village under this lease. The Society shall not transfer, assign, encumber or otherwise deal with the Recreation Centre separately from any permitted dealing with the Society's leasehold interest under this lease, to the intent that no person shall hold any interest in this lease or the Recreation Centre, other than as specifically authorized in writing by the Village.

Waste

- 2.12 The Society shall keep the Recreation Centre and Lot 1 in good repair and shall not commit or allow any waste or injury to Lot 1 or to the Recreation Centre.

Taxes

- 2.13 The Society shall be responsible for prompt payment of all taxes, fees and charges levied in respect of the Society's occupation, development, maintenance and repair of Lot 1.

Utilities

2.14 The Society shall be responsible for prompt payment of all charges in relation to any utility consumed or used on any part of Lot 1 during this lease, including without limitation water, electrical, gas, sanitary sewer, drainage, telephone, cablevision and any other utility charges in respect of the Recreation Centre.

Observance of Law

2.15 The Society shall observe and comply with all applicable laws in force at any time in relation to Lot 1 and the Recreation Centre.

Delivery of Premises

2.16 If this lease is terminated, the Society shall immediately surrender possession of Lot 1 and the Recreation Centre to the Village and shall forthwith deliver all keys, operating manuals and documents relating to the operation of the Recreation Centre to the Village.

Liability Insurance

2.17 The Society shall purchase and maintain public liability and property damage insurance in an amount of not less than \$5 million per occurrence, including coverage against any personal injury (including death) arising out of the occupation, development, maintenance and use of Lot 1 and the Recreation Centre.

Property Insurance

2.18 The Society shall purchase and maintain "all risks" coverage in respect of the Recreation Centre, in an amount not less than the replacement cost of the buildings, structures and improvements forming the Recreation Centre. This policy shall include, as a minimum, coverage against loss or damage by fire, explosion, impact by aircraft or vehicles, lightning, riot, vandalism, malicious acts, smoke, wind storm, hail, flooding, and earth movement (including earthquake).

Boiler and Machinery Insurance

2.19 The Society shall purchase and maintain comprehensive "boiler and machinery insurance" for the Recreation Centre in an amount not less than the replacement cost of the Recreation Centre.

Builders Risk Insurance

2.20 During any construction on any part of Lot 1, the Society shall purchase and maintain (or cause its contractor to purchase and maintain) builders risk insurance in an amount not less than the cost of reconstructing any building being constructed.

Insurance Policies

2.21 Every insurance policy required under this lease shall:

- (a) specify that the Society and the Village are named insureds;
- (b) contain a prohibition against cancellation or any material change that reduces or limits the insurance except on not less than 60 days prior written notice to the Village;
- (c) include a cross liability clause and waiver of subrogation in favour of the Village;
- (d) not include any deductible amount greater than \$10,000 per occurrence; and
- (e) a copy of each insurance policy, renewal notice and any modification to any policy shall be provided to the Village within 14 days of issuance.

Reconstruction

2.22 In the event that the Recreation Centre is wholly or partially damaged or destroyed by any cause, the Society shall promptly repair, replace, restore or reconstruct the Recreation Centre.

Release

2.23 The Society releases the Village, its officers, employees, Council members and agents from any liability or responsibility for any property damage, economic loss, personal injury (including death) or other loss or damage arising from any act or omission on or relating to Lot 1, except liability or responsibility arising from the negligence or wilful misconduct of the releasees.

Indemnity

2.24 The Society shall indemnify the Village, its officers, employees, Council members and agents against any claims, actions or proceedings by any person in relation to any act or omission arising from or related to the Society's occupancy, development or use of Lot 1 and the Recreation Centre.

Time of Essence

2.25 Time is of the essence of this lease.

Notices

2.26 Any notice which may or is required to be given under this lease shall be in writing and delivered by courier or by registered mail, and shall be addressed:

- (a) in the case of the Village, to the Administrator of the Village at the address set out in this agreement; and
- (b) in the case of notice to the Society, to its President at the address set out in this agreement;

or to such other address as either party may from time to time designate in writing.

Schedule "B"

Recreation Centre Description

The Recreation Centre shall include a metal clad arena building with a minimum of 22,500 square feet of floor area. The building shall contain:

- (a) one 85' x 190' ice surface;
- (b) a power plant including a refrigeration system and heating system;
- (c) a minimum of four dressing rooms with bathrooms and showers;
- (d) a manager's office;
- (e) a minimum of three additional washrooms;
- (f) a snack bar area;
- (g) a room for referees and first aid purposes;
- (h) two storage rooms;
- (i) a ticket booth;
- (j) a storage and maintenance area for an ice cleaning machine, with melting pit; and
- (k) two player benches, penalty boxes and a time keeper box for ice hockey.

GUARANTEE AND POSTPONEMENT OF CLAIM**TO: ROYAL BANK OF CANADA**

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment on demand to Royal Bank of Canada (hereinafter called the "Bank") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by

(hereinafter called the "customer") to the Bank or remaining unpaid by the customer to the Bank, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Bank and the customer or by or from any agreement or dealings with any third party by which the Bank may be or become in any manner whatsoever a creditor of the customer or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the customer be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities"); the liability of the undersigned hereunder being limited to the sum of

_____ Dollars
together with interest thereon from the date of demand for payment at a rate equal to the Bank's Prime Interest

Rate per annum in effect from time to time plus" _____ percent per annum
as well after as before default and judgement.

AND THE UNDERSIGNED AND EACH OF THEM (IF MORE THAN ONE) HEREBY JOINTLY AND SEVERALLY AGREE(S) WITH THE BANK AS FOLLOWS:

(1) The Bank may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used herein includes securities taken by the Bank from the Customer and others, monies which the Customer has on deposit with the Bank, other assets of the Customer held by the Bank in safekeeping or otherwise, and other guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from, or perfecting securities of, cease or refrain from giving credit or making loans or advances to, accept compositions from and otherwise deal with, the customer and others and with all securities as the Bank may see fit, and may apply all moneys at any time received from the customer or others or from securities upon such part of the liabilities as the Bank deems best and change any such application in whole or in part from time to time as the Bank may see fit, the whole without in any way limiting or lessening the liability of the undersigned under this guarantee, and no loss of or in respect of any securities received by the Bank from the customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this guarantee.

(2) This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to the Bank.

(3) The Bank shall not be bound to exhaust its recourse against the customer or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

(4) The undersigned or any of them may, by notice in writing delivered to the Manager of the branch or agency of the Bank receiving this instrument, determine their or his/her liability under this guarantee in respect of liabilities thereafter incurred or arising but not in respect of any liabilities theretofore incurred or arising even though not then matured, provided, however, that notwithstanding receipt of any such notice the Bank may fulfil any requirements of the customer based on agreements express or implied made prior to the receipt of such notice and any resulting liabilities shall be covered by this guarantee; and provided further that in the event of the determination of this guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.

(5) All indebtedness and liability, present and future, of the customer to the undersigned or any of them are hereby assigned to the Bank and postponed to the liabilities, and all monies received by the undersigned or any of them in respect thereof shall be received in trust for the Bank and forthwith upon receipt shall be paid over to the Bank, the whole without in any way limiting or lessening the liability of the undersigned under the foregoing guarantee; and this assignment and postponement is independent of the said guarantee and shall remain in full effect notwithstanding that the liability of the undersigned or any of them under the said guarantee may be extinct. The term "Liabilities", as previously defined, for purposes of the postponement feature provided by this agreement, and this section in particular, includes any funds advanced or held at the disposal of the customer under any line(s) of credit.

(6) This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the customer or in the membership of the customer's firm through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the customer's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the customer, or by the customer's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "customer" shall include every such firm and corporation.

(7) This guarantee shall not be considered as wholly or partially satisfied by the payment or liquidation at any time or times of any sum or sums of money for the time being due or remaining unpaid to the Bank, and all dividends, compositions, proceeds of security valued and payments received by the Bank from the customer or from others or from estates shall be regarded for all purposes as payments in gross without any right on the part of the undersigned to claim in reduction of the liability under this guarantee the benefit of any such dividends, compositions, proceeds or payments or any securities held by the Bank or proceeds thereof, and the undersigned shall have no right to be subrogated in any rights of the Bank until the Bank shall have received payment in full of the liabilities.

(8) All monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Bank shall be deemed to form part of the liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the customer or of the directors, partners or agents of the customer, or that the customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals, credits or credit facilities, or any other reason, similar or not, the whole whether known to the Bank or not. Any sum which may not be recoverable from the undersigned on the footing of a guarantee, whether for the reasons set out in the previous sentence, or for any other reason, similar or not, shall be recoverable from the undersigned and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Bank on demand with interest and accessories.

(9) This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and any present or future obligation to the Bank incurred or arising otherwise than under a guarantee, of the undersigned or any of them or of any other obligant, whether bound with or apart from the customer; excepting any guarantee surrendered for cancellation on delivery of this instrument.

(10) The undersigned and each of them shall be bound by any account settled between the Bank and the customer, and if no such account has been so settled immediately before demand for payment under this guarantee any account stated by the Bank shall be accepted by the undersigned and each of them as conclusive evidence of the amount which at the date of the account so stated is due by the customer to the Bank or remains unpaid by the customer to the Bank.

(11) This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the undersigned and each of them that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent has been complied with, unless at the time of receipt of this instrument by the Bank each signatory thereof obtains from the Manager of the branch or agency of the Bank receiving this instrument a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

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(12) No suit based on this guarantee shall be instituted until demand for payment has been made, and demand for payment shall be deemed to have been effectually made upon any guarantor if and when an envelope containing such demand, addressed to such guarantor at the address of such guarantor last known to the Bank, is posted, postage prepaid, in the post office, and in the event of the death of any guarantor demand for payment addressed to any of such guarantor's heirs, executors, administrators or legal representatives at the address of the addressee last known to the Bank and posted as aforesaid shall be deemed to have been effectually made upon all of them. Moreover, when demand for payment has been made, the undersigned shall also be liable to the Bank for all legal costs (on a solicitor and own client basis) incurred by or on behalf of the Bank resulting from any action instituted on the basis of this guarantee. All payments hereunder shall be made to the Bank at a branch or agency of the Bank.

(13) This instrument covers all agreements between the parties hereto relative to this guarantee and assignment and postponement, and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein.

(14) This guarantee and agreement shall extend to and enure to the benefit of the Bank and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or of any of them, as the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

(15) Prime Interest Rate is the annual rate of interest announced from time to time by Royal Bank of Canada as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

(16) This Guarantee and Postponement of Claim shall be governed by and construed in accordance with the laws of the _____ of _____ ("Jurisdiction"). The undersigned irrevocably submits to the courts of the Jurisdiction in any action or proceeding arising out of or relating to this Guarantee and Postponement of Claim, and irrevocably agrees that all such actions and proceedings may be heard and determined in such courts, and irrevocably waives, to the fullest extent possible, the defence of an inconvenient forum. The undersigned agrees that a judgment or order in any such action or proceeding may be enforced in other jurisdictions in any manner provided by law. Provided, however, that the Bank may serve legal process in any manner permitted by law or may bring an action or proceeding against the undersigned or the property or assets of the undersigned in the courts of any other jurisdiction.

(17) The Undersigned hereby acknowledges receipt of a copy of this agreement.

(18) The Undersigned hereby waives Undersigned's right to receive a copy of any Financing Statement or Financing Change Statement registered by the Bank.

GIVEN UNDER SEAL at _____

this _____ (month) _____ (day) _____ (year)

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF

Witness _____



Witness _____



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Province in which
is located)

in all P.P.S.A.
except Ontario)

**THE GUARANTEE'S ACKNOWLEDGEMENT ACT, (ALBERTA)
CERTIFICATE OF NOTARY PUBLIC**

I HEREBY CERTIFY THAT:

(1) _____ of _____ in the Province
(guarantor)
of _____, the guarantor in the guarantee dated _____ made between
ROYAL BANK OF CANADA and _____, which this certificate is attached to
(guarantor)
or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

Given at _____ this _____ (month) (day) (year)
under my hand and seal of office

(SEAL OF NOTARY PUBLIC)

A NOTARY PUBLIC IN AND FOR

STATEMENT OF GUARANTOR

I am the person named in the certificate _____
Signature of Guarantor

(To be completed when the guarantee is stated to be governed by the laws of the Province of Saskatchewan and the Borrower or Guarantor is a farmer in Saskatchewan, or the farmer or Guarantor owns farm assets in Saskatchewan.)

**THE SASKATCHEWAN FARM SECURITY ACT ACKNOWLEDGEMENT OF GUARANTEE
(SECTION 31)
CERTIFICATE OF LAWYER OR NOTARY PUBLIC**

I HEREBY CERTIFY THAT:

(1) _____ of _____ in the Province
(guarantor)
of _____, the guarantor in the guarantee dated _____ made between
ROYAL BANK OF CANADA and _____, which this certificate is attached to
(guarantor)
or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;

(2) I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

(3) I have not prepared any documents on behalf of the creditor, Royal Bank of Canada, relating to the transaction and I am not otherwise interested in the transaction;

(4) I acknowledge that the guarantor signed the following "Statement of Guarantor" in my presence.

Given at _____ this _____ (month) (day) (year)
under my hand and seal of office

(SEAL REQUIRED WHERE NOTARY
PUBLIC SIGNS CERTIFICATE)

A LAWYER OR A NOTARY PUBLIC IN AND FOR

STATEMENT OF GUARANTOR

I am the person named in the certificate _____
Signature of Guarantor

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is completed only where
guarantor is not a
ration)

guarantor to sign in presence
Notary Public)