

This Natural Gas Appointment and Retainer Agreement (“**Agreement**”) is made and entered into as of this ___ day of _____, 20__.

BETWEEN:

Local Authority Services (“LAS”)

-AND-

THE CORPORATION OF THE TOWN OF FORT FRANCES

Each of the foregoing entities being referred to individually as “**Party**” or collectively as “**Parties**”.

WHEREAS the Member wishes to retain LAS on an exclusive basis to provide professional services regarding advice on options for purchasing natural gas and to act as its agent in taking certain actions related to such natural gas purchasing activity as set forth herein;

AND WHEREAS the Member acknowledges that such actions may include but are not limited to (i) entering into natural gas purchase and sale agreements and transactions with commodity suppliers for a quantities of natural gas and/or (ii) entering into financial agreements to fix the price or range of prices to be paid by the Member for the future delivery of some or all of the natural gas required by the Member (iii) entering into agreements with third party service providers such as utility companies, local distribution companies, pipeline companies and storage operators for the transportation and delivery of natural gas (“**Third Party Service Providers**”) and/or (iv) entering into agreements which are customary to the natural gas industry such as assignment and assumption agreements, letters of authorization, agency appointment agreements, confidentiality agreements and IT user related agreements (all of which agreements or transactions referred to as “**Natural Gas Agreements**”);

AND WHEREAS the Member wishes to enter into Natural Gas Agreements to minimize the cost or risk associated with the procurement of natural gas;

AND WHEREAS the Member has passed the necessary by-laws or resolutions to permit the Member to enter into Natural Gas Agreements and transactions thereunder;

AND WHEREAS the Member has adopted a statement of policies and goals relating to the use of Natural Gas Agreements to address commodity pricing and costs and has passed the necessary by-laws or resolutions authorizing LAS to act as its agent;

AND WHEREAS the Member has provided LAS with copies of the aforementioned policies, goals, bylaws or resolutions;

October 1, 2020

NOW THEREFORE THE PARTIES agree as follows:

1. APPOINTMENT AND AUTHORIZATION OF LAS

- 1.1 The Member appoints LAS as its exclusive agent in respect of all matters specified in this Agreement including the solicitation and analysis of offers, negotiating and execution of Natural Gas Agreements and the management and administration associated with such Natural Gas Agreements.
- 1.2 The Member acknowledges and agrees that LAS, as its exclusive agent has full and complete authorization and discretion to take the following actions on behalf of the Member:
- (a) access any and all information relating to the Member which is in the possession and control of any Third Party Service Providers which relates to the supply and delivery of natural gas at Member facilities;
 - (b) negotiate on behalf of the Member Natural Gas Agreements including the specific terms and conditions contained therein, and execute the same together with other related agreements and documents reasonably requested by the counterparty to the Natural Gas Agreements, on the Member's behalf;
 - (c) disclose to any third party any information of the Member which is necessary to disclose for the purposes of this Agreement or any Natural Gas Agreement or for the purpose of billing, settlement or accounts, administrative matters or for any other purpose relating to the Natural Gas Agreements;
 - (d) as agent for the Member enter into transactions under the Natural Gas Agreements in the name of the Member, and to execute on behalf of the Member confirmations evidencing such transactions;
 - (e) carry out or direct the Member to carry out any ongoing responsibilities of the Member specified in any Natural Gas Agreements or exercise any rights as required to implement said Natural Gas Agreements;
 - (f) terminate any of the Natural Gas Agreements including any or all of the transactions under the Natural Gas Agreements or any related agreements entered into with the counterparty to the Natural Gas Agreements, on the Member's behalf;
 - (g) contract with and otherwise appoint any third party selected by LAS in its sole discretion for the purposes of carrying out any responsibilities of LAS contained in this Agreement (any such appointee, consultant, service provider or delegate shall be engaged on terms satisfactory to LAS);
 - (h) terminate any contract of any third party appointed by LAS under Section 1.2(g) and

- (i) carry out any duties or responsibilities and take any actions on the Member's behalf not otherwise specified herein that are incidental or related to carrying out its role as agent herein.

2. **LAS OBLIGATIONS**

2.1 LAS will:

- (a) solicit and analyze offers, negotiate and where appropriate enter into Natural Gas Agreements in the name of the Member as agent for the Member;
- (b) monitor the regulatory developments concerning natural gas and where appropriate provide recommendations to the Members on Natural Gas Agreements;
- (c) continuously search for and solicit Natural Gas Agreements on the Member's behalf;
- (d) nominate natural gas on a timely basis with Third Party Service Providers;
- (e) account to the Member for all amounts paid to or to be paid by the Member under the Natural Gas Agreements or this Agreement;
- (f) review all natural gas invoices received from Third Party Service Providers and ensure payments (including GST/HST if applicable) are made in a timely manner;
- (g) review delivery rates for each of the Member's facilities to ensure that they are at the most appropriate rate; and
- (h) take such other action as the LAS deems appropriate in the exercise of its authority and performance of its obligations under this Agreement.

3. **MEMBER UNDERTAKINGS**

3.1 The Member will:

- (a) remain liable as principal for all obligations incurred under or relating to the Member's Natural Gas Agreements whether arising out of actions taken by LAS or the Member;
- (b) provide all necessary accurate data to enable LAS to solicit bids, negotiate and manage new Natural Gas Agreements prudently and as LAS believes to be in the Member's best interest;
- (c) forward to LAS all notices or other communication received by the Member relating to the Natural Gas Agreements or services provided under this Agreement by LAS;

- (d) provide credit and financial information and collateral or performance assurances if required under any Natural Gas Agreements or this Agreement;
 - (e) pay for the supply of natural gas in accordance with the invoices issued by Third Party Service Providers plus any GST/HST which may be applicable;
 - (f) keep confidential the terms of this Agreement and any of the advice, details or arrangements provided to it by LAS or any of its appointed third parties;
 - (g) inform LAS of any statement of policies and goals relating to the use of Natural Gas Agreements and any amendments thereto;
 - (h) if requested by LAS, provide prudential support to LAS that is required under any of the Natural Gas Agreements or by any Third Party Service Providers; and
 - (i) execute any such documentation as may be deemed necessary by LAS to permit LAS to undertake any of the functions specified under this Agreement including the Notice of Appointment of Agent as set forth in Appendix A to this Agreement.
- 3.2 The Member acknowledges that bids may be solicited by LAS and transactions under the Natural Gas Agreements may be negotiated on behalf of a number of members. The Member further acknowledges and agrees that LAS may determine in its sole discretion whether the Member participates in any particular transaction under a Natural Gas Agreement.
- 3.3 The Member acknowledges that the fixed price for any transaction under its Natural Gas Agreements could at any time be below, above or equal to the market price for natural gas. The Member also acknowledges that the Natural Gas Agreements may contain provisions which may result in the Member owing a termination payment following default under the Natural Gas Agreements even though the member is not the defaulting party.
- 3.4 The Member acknowledges that LAS or a party appointed by LAS may charge and the Member agrees to pay a finance charge for each gigajoule supplied provided that such charge reasonably represents the cost of LAS or a party appointed by LAS providing collateral or performance assurance under Natural Gas Agreements or with Third Party Service Providers.
4. **LAS FEES**
- 4.1 The Member agrees to pay the fees set forth in Appendix B to this Agreement to LAS or any third party appointed by LAS as directed by LAS. The payment of these fees to LAS shall cover the costs of managing and administering the LAS natural gas program on behalf of the Member including the cost of any third party appointed by LAS to assist in providing services under this Agreement.

5. **TERM**

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- 5.1 The term of this Agreement shall commence on the date of execution and shall remain in effect for an initial period of two (2) years and thereafter shall automatically renew from year to year unless and until terminated by either Party upon one hundred and eighty (180) days prior written notice; provided, however, that this Agreement and any other documents executed and delivered hereunder shall remain in effect until the last transaction entered into under any of the Natural Gas Agreements expires. The obligation to make payment under Section 4 and Appendix B, and the liability and indemnification provisions shall survive the termination of this Agreement.

6. **LIABILITY AND INDEMNIFICATION**

- 6.1 While LAS takes proactive measures for the protection of the Member's interests, LAS cannot provide unconditional protection from the occurrence of unanticipated and uncontrollable events resulting in adverse financial consequences for the Member. LAS does warrant that the services provided by LAS under this Agreement will be performed in a professional manner. The Member agrees that if LAS breaches this warranty in performing services provided under this Agreement, the sole and complete liability of LAS for such breach will be limited to the return of the fees paid by the Member for services under this Agreement.
- 6.2 LAS liability under or for breach of this Agreement shall not exceed the amount of fees paid by the Member under this Agreement. In no event shall LAS be liable to the Member for incidental, indirect, special, punitive, exemplary or consequential damages howsoever caused, whether for breach of warranty, in tort, for contract or otherwise even if LAS has been advised of the possibility of such damages.
- 6.3 The Member hereby indemnifies LAS, its affiliates, its respective officers, directors, energy committee members, employees, agents, sub-agents, contractors, and consultants and holds them harmless from and against all losses, costs, liabilities, damages and expenses (including without limitation reasonable legal fees) it may incur as a result of LAS acting as the Member's agent as provided herein and the Member hereby agrees that it is liable for all obligations which LAS enters into on the Member's behalf.

7. **REPRESENTATIONS AND WARRANTIES**

- 7.1 The Member represents and warrants to LAS on an ongoing basis that:
- (a) all acts necessary to the valid execution, delivery and performance of this Agreement and the Natural Gas Agreements, including without limitation, public notice or other required procedures have or will be taken and performed as required under the *Municipal Act, 2001*;
 - (b) the authorizing by-law with respect to the Agreement and the Natural Gas Agreements have been passed by the council of the Member in full compliance with the *Municipal Act, 2001*, the same was signed by the head of the council and the clerk and sealed with the municipal seal of the Member and no application has been made or action brought to quash, set aside or declared invalid such

authorizing by-law nor has the same been in any way repealed, altered or amended and such authorizing by-law is now in full force and effect;

- (c) the aforesaid authorizing by-law and the Natural Gas Agreements contemplated thereby do not conflict with or result in a breach or violation of any statutory provisions which apply to the Member or any agreement to which the Member is a party or under which the Member or any of its property is or may be bound, or, violate any order, award, judgment, determination, writ, injunction or decree applicable to the Member of any regulatory, administrative or other government or public body or authority, arbitrator or court;
- (d) no litigation or proceedings of any nature are now pending or threatened, attacking or in any way attempting to restrain or enjoin the Agreement or any of the Natural Gas Agreements as authorized under the aforesaid authorizing by-law, or in any manner questioning the proceedings and authority under which any Natural Gas Agreements will be entered into, or the capacity of the officers of the Member authorized thereunder to enter into any Natural Gas Agreements, and no authority or proceedings for the Agreement or any Natural Gas Agreements have been repealed, revoked or rescinded in whole or in part;
- (e) entry into and performance of this Agreement and the Natural Gas Agreements by the Member are for a proper public purpose within the meaning of the *Municipal Act, 2001* and the regulations made thereunder;
- (f) the Member obligations to make payments hereunder are unsubordinated obligations and are not subject to any prior claim under any agreement or financial instrument to which the Member is a party;
- (g) the Member is not now subject to any restructuring order under Part V of the *Municipal Act, 2001* or other statutory authority; accordingly, no approval of the aforesaid authorizing by-law, the Agreement or the Natural Gas Agreements is required to be given by any transition board or commission appointed in respect of the restructuring of the Member; and
- (h) to the extent that the term of any transaction entered into in under a Financial Agreement exceeds the current Member council's term, before the Member exercised any powers in respect of the transaction, the Member's treasurer calculated an updated debt limit under Ontario Regulation 403/02 and the treasurer determined that the transaction would not cause the Member to exceed its updated limit and that the approval of the Ontario Municipal Board in respect of the transaction was not required.

7.2 Each Party represents and warrants to the other on an ongoing basis that:

- (a) it has the capacity and authority to execute this Agreement and perform its obligations and has taken the necessary action to authorize the execution and performance of this Agreement and the person signing this Agreement is authorized and empowered to do so;

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- (b) it has obtained or submitted any authorization or approval or notice to with any governmental authority or regulatory body that is required for the due execution, delivery and performance of this Agreement;
- (c) the execution, delivery and performance of this Agreement does not violate or conflict with any law applicable to it;
- (d) this Agreement constitutes a valid and legal binding obligations enforceable against it in accordance with its terms;

8. **MISCELLANEOUS**

- 8.1 This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario.
- 8.2 This Agreement may be executed by the Parties in separate counterparts, and each executed counterpart shall have the same force and effect as the original instrument. The Parties agree to accept facsimile signatures in lieu of original signatures as evidence of the agreement of the other Party, but each Party shall deliver to the other Party an originally executed copy of this Agreement as soon as possible thereafter.
- 8.3 Each Party will from time to time and promptly upon request, sign and deliver all further documents including any notices of appointment of agent and take all further action as may be reasonably necessary or appropriate to give effect to the terms and intent of this Agreement and to complete the Natural Gas Agreements contemplated by this Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement by the duly authorized officers:

Local Authority Services

Judy Dezell
Director AMO Enterprise Centre, Business
Partnerships, LAS & ONE

Local Authority Services
200 University Avenue,
Toronto, ON M5H 3C6
(T) 416-971-9856
(F) 416-971-6191

Town of Fort Frances

June Caul, Mayor

Elizabeth Slomke, Clerk

320 Portage Avenue
Fort Frances, ON P9A 3P9
(T) 807-274-5323

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Appendix A

NOTICE OF APPOINTMENT OF AGENT

THIS NOTICE OF APPOINTMENT OF AGENT is made as of the 9th day of November, 2020.

By: The Corporation of the Town of Fort Frances a municipal corporation, having offices in the District of Rainy River in the Province of Ontario (hereinafter called “End User”),

To: **All Interested Parties**
(each a “Notified Party”).

1. Appointment. End User in accordance with its Natural Gas Agency and Appointment Retainer Agreement hereby appoints Local Authority Services (“LAS”) as its exclusive agent in respect of all matters related to the End User’s supply of natural gas. The End User further confirms and accepts the appointment by LAS of a third party to assist LAS in managing the End User’s gas supply in accordance with a services agreement between LAS and the third party. The third party may be changed from time to time by LAS.

2. End User Acknowledgement. End User acknowledges that in accordance with its Natural Gas Agency and Appointment Retainer Agreement with LAS that LAS is authorized to approve one or more purchasing strategies for natural gas. End User acknowledges that LAS has authorized, in accordance with the services agreement between LAS and third party, for the third party to assist by negotiating and managing one or more gas supply contracts, delivery agreements and collection service agreements for and on behalf of the End User.

3. Termination. End User may terminate the appointment of LAS as its agent in accordance with the provisions of the Natural Gas Agency and Appointment Retainer Agreement; provided, however, that this appointment and any other documents executed and delivered hereunder shall remain in effect until the last transaction entered into under any of the natural gas agreements expires. Notwithstanding the termination of the appointment of LAS, the End User shall remain liable for all natural gas agreements made on their behalf by LAS under its Natural Gas Agency and Appointment Retainer Agreement.

4. Effective Date. The appointments and directions are effective as of the date first set above.

The Corporation of the Town of Fort Frances

By: _____
Name: June Caul, Mayor
Address: 320 Portage Avenue
City/Province/Postal Code: Fort Frances, ON P9A 3P9
Telephone: 807-274-5323

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Appendix B

Fees

In accordance with Section 4.1, the Member agrees to pay LAS the following fees plus GST/HST, as applicable.

| Volume (GJ/day) | Fee (\$/GJ) |
|-------------------|-------------|
| 5,000 or lower | \$0.14 |
| 5,001 to 8,000 | \$0.12 |
| 8,001 to 15,000 | \$0.10 |
| 15,001 or greater | \$0.095 |