LETS'EMOT REGIONAL RECREATION & AQUATIC CENTRE CONTRIBUTION AND OPERATING AGREEMENT

This Agreement dated for reference the 27th day of March, 2026

BETWEEN:

DISTRICT OF KENT, a municipal corporation incorporated under the *Local Government Act (BC)* and having an address at PO Box 70, 7170 Cheam Avenue, Agassiz, British Columbia V0M 1A0

("**Kent**")

AND:

VILLAGE OF HARRISON HOT SPRINGS, a municipal corporation incorporated under the *Local Government Act (BC)* and having an address at PO Box 160, 495 Hot Springs Road, Harrison Hot Springs, British Columbia V0M 1K0

("**Harrison**")

BACKGROUND

A. Kent owns and operates the Lets'emot Regional Recreation & Aquatic Centre Recreation Centre and has borrowed funds through the Municipal Finance Authority of British Columbia to finance its construction;

B. Harrison has obtained approval from its electors in accordance with the Community Charter to make a Capital Contribution defined herein towards the costs of constructing the Aquatic Centre located within the Recreation Centre;

C. In exchange for Harrison's Capital Contribution, Kent has agreed to grant to Harrison and its citizens, certain rights in the use and management of the Recreation Centre as set out in this Agreement; and

D. The parties wish to set out their respective rights and obligations with respect to the operation and administration of the Recreation Centre.

NOW THEREFORE this Agreement witnesses that in consideration of the premises and mutual covenants herein contained and other good and valuable consideration (the receipt and sufficiency of which are acknowledged by both parties), Kent and Harrison covenant and agree as follows:

1.0 DEFINITIONS AND INTERPRETATION

1.1 Definitions. In this Agreement:

(a) "**Agreed Share**" means 18.6% (representing Harrison's proportionate share of the combined population of Harrison, Kent, & Fraser Valley Regional District Electoral Area D), or another percentage agreed to by the parties;

(b) "**Aquatic Centre**" means the aquatic centre and ancillary amenities located within the Recreation Centre as shown in the plan in Schedule B;

(c) "**Capital Contribution**" means a $1,850,000.00 financial contribution payable by Harrison to Kent pursuant to section 3.1 as Harrison's calculated share of the costs of construction of the Aquatic Centre;

(d) "**Capital Expenses**" means major, non-routine repairs, alterations, improvements, renewals, replacements, and additions to, or of the Aquatic Centre that are also expenses which would be considered a "capital expenditure" under PSAB standards;

(e) "**Committee**" means the Aquatic Centre Committee established in accordance with Part 6 of this Agreement;

(f) "**Community Charter**" means the *Community Charter*, SBC 2003, c. 26;

(g) "**Condition Removal Date**" means XXXXXXX XX, 2026, or another date agreed by the parties in writing;

(h) "**Council**" means the municipal council of a party;

(i) "**Effective Date**" means the date that Harrison makes the Capital Contribution pursuant to section 3.1;

(j) "**Financial Plan**" means the financial plan for the Aquatic Centre;

(k) "**Harrison Conditions**" means the conditions precedent of Harrison described in section 2.1;

(l) "**Kent Conditions**" means the conditions precedent of Kent described in section 2.4;

(m) "**Local Government Act**" means the *Local Government Act*, RSBC 2015, c. 1;

(n) "**MFA**" means the Municipal Finance Authority of British Columbia;

(o) "**MFA Amortization Schedule**" means the repayment schedule established by the MFA for the debt incurred by Kent to finance the Recreation Centre, including both principal and interest obligations;

(p) "**Net Operating Expenses**" means Operating Expenses net of revenues for the Aquatic Centre;

(q) "**Operating Expenses**" means, for any particular period during the Term, all expenses that are not Capital Expenses that are paid or payable by Kent, in connection with the operation and maintenance of the Aquatic Centre, in accordance with PSAB standards, consistently applied (except as specifically modified below), including, without limitation:

(i) all employment costs including salaries, wages, benefits, bonuses, payroll taxes and burdens, (excluding termination and severance costs), respecting personnel working at the Aquatic Centre and that portion reasonably allocable to the Aquatic Centre of the employment costs of the employees of Kent working at, or in respect of, the Aquatic Centre, but not on an exclusive basis, including, among others, employees in Kent's finance, engineering, operations, and personnel departments, it being acknowledged and agreed that such non-exclusive employment costs shall only be in respect of work undertaken in support of the Aquatic Centre;

(ii) all costs and expenses respecting goods, supplies, services, and accessory pool equipment such as vacuum hoses, pool noodles, kickboards, and water exercise equipment in respect of the Aquatic Centre;

(iii) insurance premiums and deductibles paid by Kent in respect of general liability insurance and operating insurance for the Aquatic Centre;

(iv) the costs of providing security for the Aquatic Centre;

(v) payments for utilities and services provided to the Aquatic Centre;

(vi) cleaning expenses for the Aquatic Centre;

(vii) equipment rental costs for the Aquatic Centre;

(viii) telephone and communication charges for the Aquatic Centre;

(ix) cost of employee uniforms and identification for the Aquatic Centre;

(x) exterminator and snow removal costs for the Aquatic Centre;

(xi) computer, software, hardware, and training costs for the Aquatic Centre;

(xii) advertising costs for the Aquatic Centre;

(xiii) professional fees for the Aquatic Centre;

(xiv) legal fees for the Aquatic Centre, but not legal fees related to any disputes between the parties:

A. with respect to this Agreement;

B. the rights and responsibilities of the parties under this Agreement; or,

C. the obligations of the parties under this Agreement;

(xv) commissions and all other fees payable to third parties (e.g. commissions relating to food, beverage, and merchandise concessions services) for the Aquatic Centre;

(xvi) cost of complying with Applicable Laws in connection with the performance of this Agreement; and

(xvii) costs incurred under agreements relating to the Aquatic Centre's operations;

(r) "**PSAB**" means the Public Sector Accounting Board;

(s) "**Recreation Centre**" means the Lets'emot Regional Recreation & Aquatic Centre described in Schedule A; and,

(t) "**Term**" means the twenty (20) year period commencing on the Effective Date.

1.2 Interpretation. For the purposes of this Agreement, except as otherwise expressly provided or as the context otherwise requires:

(a) "Agreement" means this Agreement as from time to time supplemented or amended by one or more agreements entered into pursuant to the applicable provisions of this Agreement together with all other attachments to it and reference to a part or a section means the corresponding part or section of this Agreement;

(b) the word "including", when following any general term or statement, is not to be construed as limiting the general term or statement to the specific terms or matters set forth or to similar items or matters, but rather as permitting the general term or statement to refer to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(c) an accounting term not otherwise defined in this Agreement has the meaning assigned to it, and except as otherwise directed in this Agreement, every calculation to be made under this Agreement is to be made in accordance with generally accepted accounting principles;

(d) except as otherwise expressly provided, all references to currency mean Canadian currency;

(e) words in the singular include the plural and words importing a corporate entity include individuals and vice-versa;

(f) reference in this Agreement to a particular numbered paragraph, article or section, or lettered schedule is a reference to the correspondingly numbered paragraph, article, or section, or lettered schedule of this Agreement;

(g) reference in this Agreement to an enactment is a reference to an enactment as defined in the *Interpretation Act* (British Columbia), and includes a reference to an enactment of Canada, British Columbia or the parties as applicable;

(h) reference in this Agreement to an enactment is a reference to that enactment as amended, revised, consolidated or replaced; and

(i) reference in this Agreement to a party is a reference to a party of this Agreement.

1.3 **Governing Law.** This Agreement will be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada.

1.4 **Headings.** The headings given to paragraphs, articles and sections in this Agreement are for convenience of reference only and do not form part of this Agreement and must not be used in the interpretation of this Agreement.

1.5 **Invalidity of clauses.** If any clause or portion of this Agreement is declared or held invalid for any reason, the invalidity does not affect the validity of the remainder of that clause or this Agreement, and the terms and provisions of this Agreement continue to be in force and in effect and are to be construed as if the Agreement had been executed without the invalid portion.

1.6 **Import of Words.** If the context so requires, words importing number shall be deemed to include a greater or lesser number, words importing gender shall be deemed to include the other gender or the body corporate, and words importing the body corporate shall be deemed to include either gender.

2.0 CONDITIONS PRECEDENT

2.1 Harrison Conditions Precedent. Notwithstanding anything herein to the contrary, the obligations of Harrison under this Agreement are subject to and conditioned upon satisfaction of the following conditions precedent on or before the Condition Removal Date (the "**Harrison Conditions**"):

(a) Harrison's Council approving this Agreement;

(b) the parties confirming their approval of the Financial Plan for the Aquatic Centre; and,

(c) Harrison otherwise complying with all of its statutory obligations under the Community Charter, Local Government Act and other applicable enactments.

2.2 Harrison Condition Removal Date. The Harrison Conditions are for the sole benefit of Harrison and may be waived by Harrison on or before the Condition Removal Date, without prejudice to any of its other rights under this Agreement. If any of the Harrison Conditions are not declared satisfied or waived by Harrison in writing on or before the Condition Removal Date, then this Agreement will terminate and shall be null and void, and of no further force or effect, and, thereafter, neither party will have any further obligations to the other hereunder except as herein otherwise expressly provided.

2.3 Consideration for Harrison Conditions. In consideration of the non-refundable sum of $10.00 paid by Harrison to Kent and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Kent, Kent agrees not to revoke or withdraw its acceptance of this Agreement, or otherwise terminate this Agreement, while it remains subject to the Harrison Conditions.

2.4 Kent Conditions Precedent. Notwithstanding anything herein to the contrary, the obligations of Kent under this Agreement are subject to and conditioned upon satisfaction of the following conditions precedent on or before the Condition Removal Date (the "**Kent Conditions**"):

(a) Kent's Council approving this Agreement;

(b) the parties confirming their approval of the Financial Plan for the Aquatic Centre; and

(c) Kent otherwise complying with all of its statutory obligations under the Community Charter, Local Government Act and other applicable enactments.

2.5 Kent Condition Removal Date. The Kent Conditions are for the sole benefit of Kent and may be waived by Kent on or before the Condition Removal Date, without prejudice to any of its other rights under this Agreement. If any of the Kent Conditions are not declared satisfied or waived by Kent in writing on or before the Condition Removal Date, then this Agreement will terminate and shall be null and void, and of no further force or effect, and, thereafter, neither party will have any further obligations to the other hereunder except as herein otherwise expressly provided.

2.6 **Consideration for Kent Conditions.** In consideration of the non-refundable sum of $10.00 paid by Kent to Harrison and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Harrison, Harrison agrees not to revoke or withdraw its acceptance of this Agreement, or otherwise terminate this Agreement, while it remains subject to the Kent Conditions.

3.0 HARRISON OBLIGATIONS

3.1 Harrison shall pay to Kent, on a semi-annual basis, Harrison's pro-rated share of its Capital Contribution to help offset the debt incurred by Kent to the MFA to finance the Recreation Centre, including both principal and interest payments to the MFA in accordance with the MFA Amortization Schedule.

3.2 In addition to the Capital Contribution, Harrison shall pay to Kent, on a quarterly basis during the Term, Harrison's Agreed Share of the Net Operating Expenses for the Aquatic Centre, provided that:

(a) during the first three years of the Term, Harrison's Agreed Share of the Net Operating Expenses for the Aquatic Centre shall not exceed $180,000 per annum (the "**Payment Cap**");

(b) after the first three years of the Term and every three years thereafter during the Term, the parties shall review the Payment Cap to determine if any surplus or deficit inequities exist and to ensure the Payment Cap is equitable and reflective of the actual Net Operating Expenses for the Aquatic Centre and Harrison's proportionate share of the combined population of Harrison, Kent, & Fraser Valley Regional District Electoral Area D during the relevant three-year period, and Harrison may retain an external auditor for this purposes of each review.

3.3 The quarterly payments payable by Harrison to Kent for its Agreed Share of the Net Operating Expenses shall be paid within 30 days of Kent providing Harrison with the accounts described in section 4.3, unless otherwise agreed by the parties in writing.

4.0 KENT OBLIGATIONS

4.1 Kent shall operate and maintain the Recreation Centre as a good and prudent owner and consistent with Kent's standards for its other public buildings, assets, programs, and services.

4.2 Kent shall be responsible for the payment of all Capital Expenses and Operating Expenses for the Recreation Centre and the Aquatic Centre.

4.3 Kent shall provide Harrison with quarterly statements detailing the Net Operating Expenses for the Aquatic Centre for the preceding quarter. Harrison reserves the right to perform an audit on the operations of the pool at its discretion.

4.4 Kent shall be responsible for the operation and maintenance of the Recreation Centre, including all planning, budgeting, programs, services, scheduling, fees, and employment provided at the Aquatic Centre.

4.5 Kent shall prepare a Financial Plan for the Aquatic Centre and while maintaining ultimate discretion in the preparation of the Financial Plan, Kent shall confer with Harrison's Chief Financial Officer in the preparation of the Financial Plan, and upon preparation of the Financial Plan, Kent shall provide a copy to Harrison for its approval before the Condition Removal Date. Thereafter, Kent shall maintain and update the Financial Plan at least annually, or more frequently as it deems necessary, and shall share a copy of the Financial Plan with Harrison and the Committee.

5.0 JOINT USE OF RECREATION CENTRE

5.1 In consideration of Harrison's financial contributions under part 3, Harrison will be recognized as a regional partner in the Recreation Centre, and residents of Harrison will be given the same rights and privileges at the Recreation Centre as the residents of Kent including, without limiting the generality of the foregoing, the same rights to register for all programs at the Recreation Centre at the same cost and at the same time as residents of Kent.

5.2 The parties agree that no part of this Agreement is intended to provide Harrison with any ownership or responsibility for operating the Recreation Centre or the Aquatic Centre. For greater certainty, Kent will be the owner of the Recreation Centre and the Aquatic Centre and shall retain full responsibility for the ownership and operation of the Recreation Centre and the Aquatic Centre.

6.0 AQUATIC CENTRE COMMITTEE

6.1 The parties shall establish and maintain an Aquatic Centre Committee in accordance with this Part 6.

6.2 The purpose of the Committee shall be to:

(a) provide advisory input regarding the operation of the Aquatic Centre, and swimming pool programs and services delivered at the Aquatic Centre, including the following:

(i) public swim programs;

(ii) swimming lessons;

(iii) lifeguarding and safety services;

(iv) aquatic fitness and specialty programs;

(v) hours of operation;

(vi) customer experience; and

(vii) program fees and access recommendations; and

(b) discuss and consider issues of significance regarding the Aquatic Centre and this Agreement.

6.3 Without limiting section 6.2, the Committee may:

(a) provide input on aquatic programming, schedules, service levels, and community need;

(b) review the Financial Plan, participation data, financial summaries, and service trends related to aquatic services;

(c) provide input on proposed fee structures and program changes;

(d) offer feedback with respect to Kent's annual aquatic service planning and budgeting process; and

(e) identify opportunities to enhance access, inclusion, and community engagement related to aquatic services.

6.4 The establishment of the Committee recognizes the following interests:

(a) Harrison's financial contribution to the establishment and operation of the Aquatic Centre under Part 3 and creates effective representation for feedback, collaboration, transparency, and service planning, which aligns with the values of having an effective and efficient operation of the Aquatic Centre; and

(b) the parties' shared interest in maintaining a cooperative working relationship to promote the health, fitness, and well-being of residents in Harrison and Kent.

6.5 The Committee shall provide suggestions and recommendations to Kent staff who have responsibility and oversight for the Aquatic Centre and while nothing in this Part 6 confers decision making authority, financial authority, or fiduciary responsibility on the Committee or its members, Kent staff must consider the suggestions and recommendations provided by the Committee and advise the Committee of matters relating to the Aquatic Centre, including:

(a) of the expected effect on the financial plan that the implementation of the suggestions and recommendations would have;

(b) whether the suggestions and recommendations have been implemented and the results of such implementation; and

(c) if the suggestions and recommendations have not been implemented, why they were rejected or not pursued.

6.6 The Committee shall have seven voting members consisting of the following members:

(a) Kent's Director of Recreation, Culture, and Projects, or their designate, who will act as Chair;

(b) three appointees of Kent, consisting of one member of Council, one member of staff designated by Council, and one citizen at large appointed by Council; and

(c) three appointees of Harrison, consisting of one member of Council, one member of staff designated by Council, and one citizen at large appointed by Council.

6.7 All members of the Committee shall serve for two years and may be reappointed by Kent or Harrison, as applicable.

6.8 The Committee will meet quarterly on times and dates decided by a majority of the members and in accordance with the following:

(a) notice of every meeting and a proposed agenda shall be circulated to Committee members by the Chair at least seven days prior to the meeting;

(b) quorum for meetings shall be a simple majority of members of the Committee;

(c) the Chair, or in the event of the Chair's absence or inability to chair a meeting, a member appointed by a majority of members present, shall chair the meeting;

(d) Committee meetings shall be governed by Robert's Rules of Order, or other rules approved by a majority of the members;

(e) members of the Committee must declare any real or perceived conflicts of interest and refrain from participating in related discussions at Committee meetings; and

(f) Kent staff shall attend and record minutes of all Committee meetings and circulate the minutes to Committee members and the Councils of Harrison and Kent after each meeting and prior to the next Committee meeting.

7.0 DEFAULT, DISPUTE RESOLUTION, AND INDEMNITY

7.1 A party shall notify the other party of any default or dispute arising in connection with this Agreement and the parties shall resolve the matter in accordance with the following:

(a) the matter shall be referred to the parties' Chief Administrative Officers for resolution;

(b) failing resolution by the Chief Administrative Officers, the matter shall be referred to the parties' Councils for resolution;

(c) failing resolution of the matter by the parties' Councils, the parties may engage a mediator to resolve the matter;

(d) the parties may also mutually agree to resolve any matter by arbitration conducted before a single arbitrator in accordance with the rules of the British Columbia International Commercial Arbitration Centre for domestic disputes in accordance with the following:

(i) unless otherwise agreed to by the parties, the arbitration shall be held in Kent;

(ii) the decision arrived at by the arbitrator shall be final and binding and no appeal shall lie therefrom and it shall be enforceable in any court having jurisdiction;

(e) if the parties do not agree to arbitrate a matter, either party may commence an action through the courts to resolve the matter; and

(f) the parties shall equally share any costs of mediation or arbitration.

7.2 If a party (the "**defaulting party**") fails to comply with any decision made by an arbitrator or a judgement of the court under section 7.1, the other party shall have the right to terminate this Agreement if the defaulting party fails to comply with the decision or judgement within 30 days' notice by the party to the defaulting party.

7.3 Subject to the foregoing provisions, Kent agrees to release, save, indemnify and hold harmless Harrison, its elected officials, officers, directors, employees and agents from and against any liabilities, damages and costs (including reasonable attorney's fees and costs of defence) arising out of the death, bodily injury, or personal injury to any person or the destruction or damage to any property (collectively "**Claims**"), to the extent caused, during the performance of this Agreement, by the acts, errors or omissions of Kent or anyone for whom Kent is legally responsible, except for any Claims caused by an act, omission, or negligence of Harrison.

7.4 Subject to the foregoing provisions, Harrison agrees to release, save, indemnify and hold harmless Kent, its elected officials, officers, directors, employees and agents from and against any Claims to the extent caused, during the performance of this Agreement, by the acts, errors or omissions of Harrison or anyone for whom Harrison is legally responsible, except for any Claims caused by an act, omission, or negligence of Kent.

8.0 TERM

8.1 This Agreement shall commence on the Effective Date and shall continue until the earlier of the following dates:

(a) 20 years after the Effective Date, subject to the renewal provisions in section 8.2;

(b) the parties mutually agree to terminate this Agreement;

(c) this Agreement is terminated in accordance with section 7.2;

(d) the Aquatic Centre is damaged or destroyed and Kent obtains the written opinion of a professional engineer or architect who is at arm's length to Kent that it is no longer reasonable or practical to repair or replace the Aquatic Centre; or

(e) the Aquatic Centre permanently ceases to operate or is transferred to a private entity.

8.2 Provided Harrison is not in default of any of its obligations under this Agreement and this Agreement has not been terminated under subsections 8.1(b)-(e) above, and subject to the approval by the Council of each party, the parties may renew this Agreement for an additional 10 terms of five years each in accordance with the following:

(a) upon approval by Harrison's Council, Harrison shall provide Kent with notice of its intention to renew this Agreement at least 30 days before the end of the then current term;

(b) upon receipt by Kent of the notice under subsection (a), and approval by Kent's Council to renew, this Agreement shall be renewed for a renewal term of five years on the same terms and conditions as set out in this Agreement except this section 8.2 whereby the number of renewal terms shall be reduced by one for every renewal; and

(c) further provided that despite any renewal term, this Agreement shall be terminated upon the occurrence of any of the circumstances under subsections 8.1(b)-(e) above.

9.0 GENERAL

9.1 Time shall be of the essence of this Agreement.

9.2 Any notice required under this Agreement shall be given in writing and delivered personally or sent by registered mail to the addresses of the parties set out above.

9.3 Each party shall execute such further documents and do such further acts as may be reasonably required to give full effect to this Agreement.

9.4 No party may assign its rights or obligations under this Agreement without the prior written consent of the other party.

9.5 No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provisions (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly agreed to in writing by the party to be bound thereby.

9.6 This Agreement shall endure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

9.7 This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

9.8 Nothing contained or implied in this Agreement shall fetter in any way the discretion of Kent or its Council or Harrison or its Council. Further, nothing contained or implied in this Agreement shall derogate from the obligation of a party under any other agreement with the other party, or if a party so elects, prejudice or affect the party's rights, powers, duties or obligation in the exercise of its functions pursuant to the Community Charter or the Local Government Act.

9.9 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations and understandings, whether written or oral.

9.10 The parties may execute this Agreement in one or more counterparts, each of which when so executed shall constitute an original and all of which together shall constitute one and the same Agreement. The reproduction of signatures by email (including by scanned Portable Document Format (PDF)) and/or electronic signatures by DocuSign (or similar program) will be treated as binding as if originals.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

DISTRICT OF KENT	)
By its authorized signatories:	)
	)
______________________________	)
Name:	)
	)
______________________________	)
Name:	)
VILLAGE OF HARRISON HOT SPRINGS	)
By its authorized signatories:	)
	)
______________________________	)
Name:	)
	)
______________________________	)
Name:	)

SCHEDULE A

RECREATION CENTRE

Lets'emot Regional Recreation & Aquatic Centre

6660 Pioneer Ave, Agassiz, BC

The combined facility includes the existing Community Recreation & Cultural Centre, plus the Aquatic Centre detailed in Schedule B consisting of an additional 27,000 square feet that includes the following indoor amenities:

- 8-lane lap pool
- Leisure Pool with Lazy River
- Whirlpool
- Steam and Sauna
- Spectator Viewing Area
- Community Room

SCHEDULE B

AQUATIC CENTRE