

The following is an excerpt from minutes of meeting of City Council held on Wednesday, July 21, 2010:

COMMUNICATIONS TO COUNCIL

The following communications were submitted and dealt with as stated:

C. INFORMATION ITEMS

**C19) John Baird, P.C., M.P. and Rob Merrifield, P.C., M.P.
Government of Canada, dated July 16, 2010**

Advising of federal approval-in-principle of funding for the Art Gallery of the Saskatchewan. (File No. CK. 4129-15)"

RECOMMENDATION: that the information be received.

Moved by Councillor Penner, Seconded by Councillor Wyant,

THAT the information be received.

CARRIED.

X 4-129-15



Government of Canada / Gouvernement du Canada

Ottawa, Canada K1A 0G5

RECEIVED
JUL 20 2010
CITY CLERK'S OFFICE
SASKATOON

C19

JUL 16 2010

OFFICE OF THE
JUL 20 2010
MAYOR

His Worship Donald J. Atchison
Mayor
City of Saskatoon
City Hall
222 Third Avenue North
Saskatoon, Saskatchewan
S7K 0J5

Dear Mayor Atchison:

We are pleased to inform you of federal approval-in-principle of funding for the Art Gallery of the Province of Saskatchewan. This approval is given following a successful review of your project under the terms and conditions of the Building Canada Fund.

As a result of this review, federal funding of the project from the Building Canada Fund will be up to one-third (33.33 percent) of the total eligible project costs, to a maximum federal contribution of \$13,020,000 under this program. Federal funding from all sources (including funding from the Building Canada Fund as well as funding from any other federal program such as the Gas Tax Fund) cannot exceed 50 percent of the project's total eligible costs.

With this approval-in-principle, eligible costs as determined under the terms and conditions of the Building Canada Fund and incurred as of the date of this letter will be eligible for federal reimbursement, subject to the timely execution of a contribution agreement. If a contribution agreement is not signed, the Government of Canada will not reimburse any costs incurred. Once signed, the Contribution Agreement represents the final step in the federal approval of the project and outlines the conditions under which federal funding will be provided.

Please note that the Government of Canada cannot contribute more than 15 percent of its funding towards non-capital or "soft costs" (which include planning and assessment costs specified in the contribution agreement, such as the costs of environmental planning, surveying, engineering, architectural supervision, testing and management consulting services). More specifically, the Government of Canada will not contribute more than \$1,953,000 to these costs.

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As we move to the contribution agreement stage, the following conditions will also apply:

- The City of Saskatoon will demonstrate that it has secured the funds necessary to complete the project;
- Any costs incurred prior to the date of this letter are ineligible for reimbursement;
- Regardless of the outcome of any of the project tendering processes, any ineligible costs, any cost overruns, any costs associated with funding shortfalls, and any costs related to the ongoing operation and maintenance of the project, will be the responsibility of the City of Saskatoon;
- The City of Saskatoon will satisfy the Government of Canada with respect to the competitive and transparent tendering process to be established;
- The City of Saskatoon and Canada will work to complete the negotiation of a contribution agreement in a timely manner, and to this end the City of Saskatoon will provide detailed and final design information, and verified cost estimates and cash flows broken down by fiscal year for all project components;
- Within 15 days of the date of this letter the City of Saskatoon agrees to produce and erect temporary signage at each of the project sites acknowledging the federal government's contribution to the project, the costs of which will be an eligible cost under the Contribution Agreement. The signage will be produced in accordance with the design requirements to be provided by the Government of Canada, will be at least equivalent in size and prominence to other partners' project signage and remain in place until 90 days after construction is completed; and,
- The City of Saskatoon will fulfill, where applicable, the requirements of the *Canadian Environmental Assessment Act* and the requirements for aboriginal consultations under Section 35 of the *Constitution Act, 1982*.

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An Agreement Management Committee will be established within 60 days of the signing of the Contribution Agreement to oversee the agreement. Once the Committee is established, the Government of Canada will confirm its requirements and expectations for monitoring and reporting on progress.

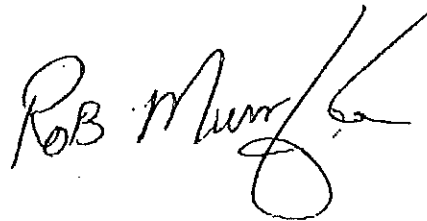
Finally, we note that the project business case specifies that project construction is planned to begin in January 2013 and completed in December 2014. As your project is being approved in principle on the basis of this information, please notify us, in writing, should you expect delays of more than three months in either the start or completion date.

Thank you for your collaboration to date and we look forward to continuing to work together to conclude a contribution agreement for this project in a timely fashion.

Sincerely,



John Baird, P.C., M.P.



Rob Merrifield, P.C., M.P.