

1950

## c 248 Municipal Electric Railways Act

Ontario

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## CHAPTER 248

## The Municipal Electric Railways Act

## 1. In this Act,

Interpre-  
tation.

- (a) "association" means municipal electric railway association;
- (b) "Commission" means The Hydro-Electric Power Commission of Ontario;
- (c) "corporation" means a municipal corporation other than the municipal corporation of a county;
- (d) "trust corporation" includes trust company. R.S.O. 1937, c. 260, s. 1.

2. On the request expressed by resolution of the corporations of two or more municipalities situate in any locality in which electrical power or energy may be supplied by the Commission under *The Power Commission Act*, the Commission as the agent of the corporations and at the expense of the corporations, may inquire into, examine, investigate and report upon,

Investiga-  
tion and  
report by  
Commission.Rev. Stat.,  
c. 281.

- (a) the cost of constructing, equipping and operating an electric railway in the locality, including a sum for working capital and a sum to cover any probable loss by discount on the sale of the bonds of the association;
- (b) the municipalities which will be served by the railway;
- (c) the population of each of such last-mentioned municipalities as shown by the last enumeration thereof by the assessors;
- (d) an estimate, including the rates and fares proposed to be charged, of the probable revenue from the railway;
- (e) the practicability of the undertaking and its economic value to the locality to be served by it. R.S.O. 1937, c. 260, s. 2.

3.—(1) Such corporations may enter into an agreement (Form 1), with each other, for the construction, equipment and

Agreement  
among cor-  
porations for  
construction  
and opera-  
tion.

operation of an electric railway to be operated by electrical power or energy supplied by the Commission.

What agree-  
ment shall  
set out.

- (2) The agreement shall provide for,
- (a) the location of the line of railway;
  - (b) the character of the construction and of the equipment to be furnished;
  - (c) the proportions in which the cost of construction and equipment, and the working capital of the railway shall be borne by each corporation;
  - (d) the issuing of debentures by the corporations and their deposit with a trust corporation as collateral security for any bonds which may be issued by the association to meet the cost of construction and equipment of the railway and to provide working capital therefor;
  - (e) the terms and conditions on which electrical power or energy shall be supplied by the Commission for the operation of the railway;
  - (f) the construction and equipment of the railway either by the association or by the Commission;
  - (g) the entrustment of the management and operation of the railway to the association to be appointed or elected as hereinafter provided.

What agree-  
ment may  
set out.

- (3) The agreement may provide for,
- (a) the construction of the railway upon any right of way acquired by the Commission for the transmission of electrical power or energy under *The Power Commission Act*, and the amount chargeable to the railway by way of rental or otherwise for the use of the right of way;
  - (b) the acquiring by purchase or lease of any steam, electric or street railway situate within one or more of the municipalities or any part or parts of any steam, electric or street railway which are situate within one or more of the municipalities and are capable of forming part of the proposed railway system for the service of the municipalities, or the obtaining of running rights over the same;
  - (c) the extension of the railway into any adjacent municipality under an agreement to be made between the association and the corporation of the municipality with the approval of the corporations parties to the agreement. R.S.O. 1937, c. 260, s. 3.

Rev. Stat.,  
c. 281.

4. Before the submission of the by-law to the electors as provided in section 6 the corporations shall without the assent of the electors enter into an agreement with the Commission, conditioned on the assent of the electors of each of the municipalities being obtained to the agreement mentioned in section 3,

Agreement with Commission as to certain matters.

- (a) for the supply by the Commission of the electrical power or energy required for the operation of the railway;
- (b) for the construction and equipment of the railway and any extension thereof by the Commission, if construction and equipment is to be by the Commission; and
- (c) for the construction of the railway upon any right of way as set out in subsection 3 of section 3. R.S.O. 1937, c. 260, s. 4.

5.—(1) Except where otherwise expressly provided, the provisions of this Act relating to the construction of a railway and to the equipment, maintenance and operation of it shall apply to the purchase of a railway or any part or parts thereof and the provisions of this Act relating to maintenance and operation shall apply to a railway or any part or parts thereof leased.

Provisions as to construction to apply to purchase.

(2) Where a steam railway or part thereof is purchased or leased it shall be operated by electrical power or energy supplied by the Commission under *The Power Commission Act*. R.S.O. 1937, c. 260, s. 5.

Operation by electrical power. Rev. Stat., c. 281.

6.—(1) The council of each of the corporations interested shall submit to the vote of the electors qualified to vote on money by-laws, a by-law approving of the agreement and directing its execution, and if a majority of the electors voting thereon vote in favour of the by-law, the council shall pass the same and the agreement shall be executed as directed by the by-law.

Submission of by-law approving of agreement.

(2) The by-law shall not be voted upon by the electors until the by-law and agreement have been published in the manner provided by *The Municipal Act* in the case of money by-laws, at least once a week for four successive weeks. R.S.O. 1937, c. 260, s. 6.

Publication of by-law and agreement. Rev. Stat., c. 243.

7. The by-law submitted to the electors shall recite,

Recitals in by-law.

- (a) the estimated cost of the construction and equipment of the railway including a sum for working capital;

- (b) the portion of such cost to be borne by the corporation;
  - (c) the total annual amount estimated to be required for the maintenance and operation of the railway and for sinking fund charges and interest;
  - (d) the portion of such amount to be borne by the corporation;
  - (e) the estimated probable revenue from the railway.
- R.S.O. 1937, c. 260, s. 7.

Where any corporation fails to pass by-law and execute agreement.

**8.**—(1) Where any corporation or corporations named as party or parties to the agreement have failed to pass the necessary by-law and to execute the agreement, and the amount for which such corporation or corporations would be liable under the agreement does not exceed 15 per cent of the estimated cost of the construction and equipment of the railway and of the amount to be provided for working capital and the remaining corporations, parties to the agreement, have by resolution of their respective councils expressed the desire to proceed with the undertaking notwithstanding the failure of the first-mentioned corporation or corporations to execute the agreement, the association or the Commission, as the case may be, may proceed with the construction and equipment of the railway, and in that case the corporations which have executed the agreement shall without the assent of the electors deposit with the trust corporation additional debentures to the amount required to replace the debentures which would have been deposited by the first-mentioned corporation or corporations in the proportions in which they are liable under the agreement to contribute to the cost of the construction and equipment of the railway and to working capital therefor.

Railway facilities need not be provided.

(2) Until a corporation has executed the agreement and deposited debentures with the trust corporation as required by this Act the association or the Commission, as the case may be, shall not be bound to construct, equip, maintain or operate within the limits of the municipality any works provided for by the agreement, except such as may be necessary for the construction and equipment of the railway in passing through the municipality the corporation of which has failed to pass the necessary by-law and to execute the agreement to and from municipalities the corporations of which have executed the agreement and deposited debentures to the amounts stated therein. R.S.O. 1937, c. 260, s. 8.

Meeting to elect association.

**9.**—(1) As soon as practicable after the by-laws and agreements have been approved of by the electors and the agreements executed the head of the council of that corpora-

tion which by the agreement is liable to contribute the largest sum to the cost of the construction and equipment and working capital of the railway shall by notice to each corporation fix a time and place for a meeting of the representatives of the corporations to elect the members of a municipal electric railway association for the construction, equipment and operation or the operation only of the railway as the case may be, and a meeting for the election of a successor or successors shall be called in like manner.

(2) The council of each corporation shall by resolution appoint one of its members as its representative at such meeting, and such corporation shall be bound by the action of its representative at the meeting. Appointment of representative.

(3) The representatives shall appoint one of themselves to preside at the meeting and another person, not a representative, to act as secretary. Chairman and secretary.

(4) The association shall consist of five members elected or appointed as hereinafter provided and each member shall hold office for three years and until his successor is elected or appointed. Number of members and term of office.

(5) Each corporation which is liable under the agreement to contribute not less than 25 per cent of the cost of the construction and equipment and working capital of the railway shall be entitled to nominate and elect one member of the association, and a second member where it is liable to contribute not less than 50 per cent of such cost, and such member or members shall be elected by by-law of the council. Corporation contributing certain percentages entitled to elect one or two members.

(6) The voting power of each corporation for the election of the members other than those elected under subsection 5 shall be as follows: Voting power.

One vote where the contribution of the corporation to the estimated cost does not exceed .....	\$250,000
Two votes where it exceeds \$250,000 but does not exceed .....	\$500,000
Three votes where it exceeds \$500,000 but does not exceed .....	\$1,000,000
and one additional vote for each additional \$1,000,000 or fraction thereof which it is liable to contribute to the estimated cost.	

(7) A majority in number and votes of the representatives of the corporations shall be necessary in order to elect the members of the association or the remaining members thereof in the case provided for by subsection 5. Majority in number and votes necessary to elect.

Nominations  
in case of  
failure to  
elect and ap-  
pointment  
by Lieut.-  
Gov. in  
Council.

(8) Where the corporations fail to elect the full number of members of the association under the preceding subsections, then the representatives of the corporations shall nominate one or more persons to complete the membership of the association, such nominations to be made by not less than 25 per cent of the representatives and 25 per cent of the votes of the representatives of the corporations, and the names of the persons so nominated shall be set out in a resolution of the meeting, certified by the chairman and the secretary of the meeting and submitted to the Lieutenant-Governor in Council and thereupon the Lieutenant-Governor in Council may appoint from such nominees the person or persons to complete the membership of the association.

Incorporation  
of asso-  
ciation.

(9) The members so elected or appointed shall be a body corporate under the name of "The (*name of railway*) Municipal Electric Railway Association".

Vacancies.

(10) Whenever a vacancy occurs in the office of a member of the association by death, resignation or any other cause, the corporation in the case provided for by subsection 5 shall appoint, and in other cases the representatives of the corporations shall elect, in the manner provided by this section another person to fill the office for the remainder of the term, and a member of the association may resign his office by filing a notice thereof with the secretary of the association.

Member of  
council not  
eligible.

(11) No member of the council of any of the corporations shall be eligible for appointment as a member of the association.

Appointment  
of chairman  
and vice-  
chairman.

(12) The association at its first meeting shall appoint one of the members as chairman and another as vice-chairman, and a majority of the members shall form a quorum.

Salaries.

(13) The chairman, the vice-chairman and each of the other members of the association may be paid such salary or remuneration as may be fixed by the agreement, or as may be agreed upon from time to time by a resolution of the councils of a majority of the corporations and where no salary or remuneration is so fixed or agreed upon, the chairman shall be paid a salary of \$4,000, the vice-chairman \$3,000, and each of the other members \$2,000 yearly by the association.

Annual  
report of  
association  
to council  
of each cor-  
poration.

(14) Immediately after the close of each calendar year, the association shall prepare and report to the council of each of the corporations interested and publish a complete, audited and certified statement of its affairs including revenue and expense account, balance sheet and profit and loss statement, and the statement shall be accompanied by a general report of the operations of the association during the year and a certificate from a competent engineer as to the physical condition of the railway and its equipment and as to the

adequacy and sufficiency of the funds set apart for any renewals and replacements. R.S.O. 1937, c. 260, s. 9.

**10.** The association shall appoint a trust corporation with which the debentures of the corporations shall be deposited as required by this Act and shall notify each of the corporations of the appointment. R.S.O. 1937, c. 260, s. 10.

**11.**—(1) Each of the corporations shall issue and deposit with the trust corporation named by the association debentures to the amount apportioned as its share of the cost of the construction and equipment and of working capital of the railway and the debentures shall be payable at the expiration of 44 years from the date of the agreement and bear interest at the rate of four and one-half per cent per annum payable semi-annually.

(2) Each of the corporations shall also from time to time thereafter upon the requisition in writing of the association and in the proportions fixed by the agreement, issue and deposit with the trust corporation such further debentures payable at the same time and bearing the same rate of interest as may be necessary to permit the association to raise the moneys,

- (a) to cover any additional costs above estimates of such construction and equipment and for working capital of the railway;
- (b) for the construction and equipment and working capital of any extension of the railway if the agreement provides for extensions;
- (c) for the construction of branch lines, sidings, permanent works and betterments and of additional equipment, in all not exceeding 10 per cent of the estimated cost of the construction and equipment and the working capital of the railway as fixed by the agreement;
- (d) to cover any loss by discount on the sale of the bonds of the association.

(3) The debentures so issued shall be held by the trust corporation as collateral security for all bonds issued by the association to meet the cost of construction and equipment and for working capital of the railway, but whenever interest upon the bonds issued by the association as herein-after authorized is paid by the association the corresponding interest coupons attached to the debentures deposited by the corporations with the trust corporation shall be delivered up



by the trust corporation for cancellation to all the corporations as are not in default in respect of their obligations to and agreements with the association. R.S.O. 1937, c. 260, s. 11.

Bonds of association.

**12.**—(1) The association may raise money for the construction and equipment and for working capital of the railway by the issue for and on behalf of the association of bonds payable at the expiration of 44 years from the date of the agreement and bearing interest at the rate of four and one-half per cent per annum payable semi-annually.

Issue of further bonds.

(2) The association may also from time to time issue further bonds payable at the same time and bearing interest at the said rate,

(a) to cover any additional costs above estimates of such construction and equipment and for working capital of the railway;

(b) for the construction and equipment and working capital of any extension of the railway if the agreement provides for extensions;

(c) for the construction of branch lines, sidings, permanent works and betterments and for additional equipment, in all not exceeding 10 per cent of the estimated cost of the construction and equipment and the working capital of the railway as fixed by the agreement;

(d) to cover any loss by discount on the sale of the bonds of the association.

Bonds not to exceed debentures and to rank *pari passu*.

(3) All bonds issued by the association shall rank *pari passu* and shall bear on their face the corporate name of the association, and the amount of the bonds which may be issued by the association shall not at any time exceed the amount of debentures deposited by the corporations with the trust corporation as collateral security for such bonds.

Mortgage deed securing bonds.

(4) The association shall secure such bonds by a deed of trust creating a charge in favour of the trust corporation on the railway and all the assets, rights, privileges, revenue, works, property and effects belonging thereto or held in connection therewith, and also upon the debentures of the corporations deposited with the trust corporation as collateral to the bonds of the association.

Bonds first charge on railway with exceptions.

(5) Subject to the payment of the working expenditures of the railway and to any prior charge or encumbrance in the case of a railway which has been purchased, the bonds of the association shall be a first preferential claim and charge upon

the railway and all the assets, rights, privileges, revenue, works, property and effects belonging thereto or held or used in connection therewith.

(6) No proceeding shall be taken to enforce payment of such bonds or of the interest thereon except through the trust corporation under the provisions of the said deed of trust. Enforcement of payment of bonds.

(7) The bonds shall be payable at the same time as the debentures of the corporations but it shall not be necessary for the association to raise or provide any sinking fund for the retirement of the bonds until after the expiration of three years from the date of the commencement of the operation of the railway or until after the expiration of five years from the date of the agreement, whichever is the shorter period. Raising of sinking fund delayed for certain period.

(8) When bonds issued by the association are purchased out of sinking fund and cancelled the corporations shall be relieved by the trust corporation of liability in respect of the debentures deposited by them with the trust corporation to a similar extent, and when convenient so to do debentures of the corporations in such amounts may be delivered up to them by the trust corporation for cancellation. Relief of corporations where bonds purchased out of sinking funds.

(9) During the course of construction and equipment of the railway the association may in lieu of selling its bonds raise money from time to time to meet the cost of such construction and equipment by borrowing upon the bonds authorized to be issued by it, and the association may hypothecate such bonds or any part thereof for such purposes. R.S.O. 1937, c. 260, s. 12. Hypothecation of bonds.

**13.** All debentures of the corporations and all bonds of the Commission shall be issued repayable on the sinking fund plan. R.S.O. 1937, c. 260, s. 13. Sinking fund plan only.

**14.**—(1) Where a railway or any part thereof is purchased and any bonds, debts or obligations stand charged against or upon it, the association may assume such bonds, debts and obligations as part of the purchase price to be paid for such railway or part thereof. Assumption of bonded debt in case of railway purchased.

(2) If the association assumes and agrees to pay such bonds or debts, the corporations shall deposit with the trust corporation in the proportions fixed by the agreement debentures to the amount of the debts assumed, bearing the same rate of interest and maturing at the same time as other debentures of the corporations deposited or to be deposited with the trust corporation. R.S.O. 1937, c. 260, s. 14. Corporations to deposit debentures for assumed debts.

**15.** The association shall so regulate and fix all tolls, tariffs of tolls and fares for the carriage of passengers and Requirement as to fixing tolls and fares.

freight that the revenue derived therefrom in each year will be sufficient to provide for,

- (a) the cost of maintenance and operation of the railway including the cost of the supply of electrical power or energy and the cost of administration;
- (b) the cost of making such renewals and replacements as are properly chargeable to revenue;
- (c) the payment of the interest on and in due course of the principal of any mortgage, encumbrance or debt forming a lien or charge on the property and works of a railway purchased under this Act; and
- (d) the payment of the interest on and the formation by the association of a sinking fund sufficient to retire all outstanding bonds of the association at maturity. R.S.O. 1937, c. 260, s. 15.

Application  
of surplus  
revenue.

**16.**—(1) If in any year the revenue is more than sufficient to satisfy the costs, charges and payments mentioned in section 15, the association may pay over the surplus to the corporations, parties to the agreement, in the proportions fixed thereby, or may apply the surplus to meet the cost of the construction of branch lines, sidings, permanent works, and betterments, and of additional equipment, or may retain the surplus as a reserve fund to meet the cost of future operation or to meet contingencies.

Corporations  
to meet  
deficits in  
operations.

(2) If in any year the revenue and any accumulated surplus revenue from prior periods is insufficient to satisfy the costs, charges and payments mentioned in section 15, the association shall within one month following the termination of the year make demand upon the corporations to provide and pay over to the association such sum as is necessary to make up the deficiency and the council of each of the said corporations shall forthwith raise and pay over to the Association its proportion, as fixed by the agreement, of such sum, together with interest thereon at the rate of six per cent per annum from the date of demand for payment thereof by the association.

Apportion-  
ment by  
association.

(3) The association shall from time to time adjust and apportion the amounts payable to the corporations under subsection 1 or by the corporations under subsection 2 and such adjustment and apportionment shall be final and binding upon the corporations. R.S.O. 1937, c. 260, s. 16.

Investment  
of sinking  
funds.

**17.** All sinking funds shall be paid over to and be invested by the trust corporation in bonds of Canada or Ontario or in bonds of the association which prior thereto had been sold by

the association and all bonds of the association so purchased out of sinking fund shall be cancelled by the trust corporation. R.S.O. 1937, c. 260, s. 17.

**18.** Any debentures issued under this Act shall not be included in ascertaining the limit of the borrowing powers of the corporations as prescribed by *The Municipal Act* or by any other general or special Act. R.S.O. 1937, c. 260, s. 18.

Borrowing powers, debentures not to be counted. Rev. Stat., c. 243.

**19.—(1)** Where the agreement so provides the association with the consent expressed by by-law of each of the corporations, parties to the agreement, which may be passed without the assent of the electors, may enter into an agreement with the corporation of any adjacent municipality for the extension of the railway into such adjacent municipality.

Extension into adjacent municipality.

(2) The council of such adjacent municipality shall submit to the vote of the electors qualified to vote on money by-laws a by-law approving of the agreement and directing its execution as required in the case of a by-law and agreement for the construction and equipment of a railway.

Submission to electors.

(3) The provisions of this Act relating to the construction, equipment and operation of the railway shall apply to the construction, equipment and operation of such extension.

Application of Act to extensions.

(4) All debentures of the corporations and all bonds of the association issued for the construction, equipment and working capital of such extension shall be payable at the same time as the debentures and bonds issued for the construction and equipment of the railway.

Payment of debentures and bonds.

(5) After the corporation of such adjacent municipality has deposited debentures with the trust corporation to meet its portion of the cost of the construction, equipment and of the working capital of the extension it shall be deemed to be a party to the agreement for the construction and equipment of the railway. R.S.O. 1937, c. 260, s. 19.

Adjacent municipality as party to original agreement.

**20.** The association or the Commission may construct and equip or the association may construct, equip, maintain and operate the railway as provided by the agreement and for that purpose, subject to section 22, the association or the commission shall have and may exercise all the powers, rights, immunities and privileges of a company incorporated by special Act for the construction and operation of a railway under *The Railways Act*, so far as the same are applicable. R.S.O. 1937, c. 260, s. 21.

Powers as to construction and operation.

Rev. Stat., c. 331.

**21.—(1)** The association may enter into an agreement with the Commission for the operation of the railway by

Provision for operation by Commission.

the Commission as its agent, for a period not exceeding five years but such agreement may be renewed from time to time for further periods not exceeding five years at any one time.

Books and accounts to be kept.

(2) Where such an agreement is made the Commission shall maintain separate and distinct books and accounts with respect to the operation of the railway and all moneys received by it in connection with such operation shall be kept in a separate bank account and shall not be merged or mixed with the funds of the Commission derived from any other sources. R.S.O. 1937, c. 260, s. 22.

Expropriation of land.

**22.**—(1) Where land is required for any of the purposes for which land may be acquired or expropriated under *The Railways Act* the association or the Commission, as provided by the agreement, shall in respect thereof have the powers and shall proceed in the manner provided by *The Public Works Act*, where the Minister of Public Works takes land or property for the use of Ontario and the provisions of the last-mentioned Act shall, *mutatis mutandis*, apply.

Rev. Stat., cc. 331, 323.

Compensation.

(2) Where compensation would be payable upon the exercise of any powers by the association or the Commission under *The Railways Act* the same shall be determined in the manner provided by *The Public Works Act*. R.S.O. 1937, c. 260, s. 23.

Provisions of Rev. Stat., c. 331, how far applicable.

**23.** Sections 65 to 68 of *The Railways Act* shall not apply to the association or the Commission or to any railway constructed, purchased or operated under this Act, but the construction, equipment and operation of such railway by the association or Commission shall be in accordance with the provisions of *The Railways Act* except where they are inconsistent with the provisions of this Act. R.S.O. 1937, c. 260, s. 24.

No action against Commission without fiat of Att'y-Gen.

**24.** No action or prosecution shall be brought against the Commission or any member thereof or any of its officers without the consent of the Attorney-General for anything done under this Act, but this shall not apply to an association. R.S.O. 1937, c. 260, s. 25.

Province or Commission not liable for errors in estimates.

**25.** The Province shall not nor shall the Commission, or any member thereof incur any liability by reason of any error or omission in any estimates, plans or specifications prepared or furnished by the Commission. R.S.O. 1937, c. 260, s. 26.

Corporation not to sell any railway without assent of electors.

**26.**—(1) Notwithstanding anything in any general or special Act heretofore passed by this Legislature, a corporation shall not sell or otherwise dispose of any electric railway or

street railway owned by it or of which it has acquired control by foreclosure or other proceedings or under the provisions of any special Act, unless a by-law authorizing such sale or other disposal has been submitted to and has received the assent of the electors qualified to vote on money by-laws according to the provisions of *The Municipal Act*.

Rev. Stat.,  
c. 243.

(2) Every agreement or arrangement entered into by a corporation in violation of subsection 1 shall be null and void. R.S.O. 1937, c. 260, s. 27.

Agreement  
in violation  
of subs. 1 to  
be void.

**27.** Such variations, additions or alterations as are in conformity with the provisions of this Act may be made to the agreement set out as Form 1 with the approval of the Lieutenant-Governor in Council. R.S.O. 1937, c. 260, s. 28.

Variations  
in form of  
agreement.

FORM 1

(Section 3)

THIS AGREEMENT made this ..... day of ..... 19.....  
Between

The Corporations of .....  
hereinafter called the "Corporations"

In this Agreement "Association" means "Municipal Electric Railway Association" elected or appointed as provided by *The Municipal Electric Railways Act*.

WHEREAS pursuant to *The Municipal Electric Railways Act*, The Hydro-Electric Power Commission of Ontario hereinafter called the "Commission" at the request of the Corporations and after inquiry, examination and investigation into the various matters set out in section 2 of *The Municipal Electric Railways Act*, have reported to the Corporations that,

- (a) the cost of constructing, equipping and operating an electric railway in such municipalities including a sum for working capital and a sum to cover any probable loss by discount on the sale of the bonds of the Association will be.....;
- (b) the proportion of the capital cost to be borne by each of the Corporations is as set out in Schedule B attached hereto;
- (c) the population of each of such municipalities as shown by the last enumeration thereof by the assessors is .....
- (d) the estimated probable revenue from the railway will be .....

AND WHEREAS the Corporations have determined that it is in the interests of the inhabitants of such municipalities that the railway should be constructed, equipped and operated over the routes laid down in Schedule A attached hereto. *Where construction and equipment is by the Commission insert the following recital:* (And whereas the Corporations have determined that the railway should be constructed and equipped by the Commission and the Commission has agreed with the Corporations to construct and equip the railway but upon the express condition that the Commission shall not be in any way liable for any errors or omissions in the estimates, plans or specifications or for any financial or other obligations or loss whatsoever by virtue of the construction and equipment of the railway).

*Where construction and equipment are by the Association insert the following recital:* (And whereas it has been determined by the Corporations that the railway should be constructed and equipped by the Association).

And whereas the electors of each of the Corporations have assented to by-laws authorizing the Corporations to enter into this Agreement for the construction and equipment of the railway as laid down in Schedule A.

NOW THIS AGREEMENT WITNESSETH that each of the Corporations covenants and agrees with the other as follows:

1. The railway shall be constructed and operated over the routes laid down in Schedule A.

2. The character of the construction and equipment of the railway shall be as far as possible first class, modern and the standard and so as to give the best service and accommodation possible, having regard to the districts to be served.

3. To bear its share of the cost of construction and equipment and the amount to be provided for working capital of the railway by each Corporation as set out in Schedule B.

4. To issue and deposit with the Trust Corporation named by the Association, debentures to the amount set out in Schedule B as its share of the cost of the construction and equipment and of working capital of the railway, such debentures to be payable at the expiration of 44 years from the date of this Agreement and to bear interest at the rate of four and one-half per cent per annum, payable semi-annually.

5. Upon the requisition in writing of the Association and in the proportions fixed by this Agreement to issue and deposit with the Trust Corporation such further debentures payable at the same time and bearing the same rate of interest as may be necessary to permit the Association to raise the moneys,

- (a) to cover any additional costs above estimates of such construction and equipment and for working capital of the railway;
- (b) for the construction and equipment and working capital of any extension of the railway; (*This clause to be struck out if Agreement does not provide for extensions.*)
- (c) for the construction of branch lines, sidings, permanent works and betterments and for additional equipment, in all not exceeding 10 per cent of the estimated cost of the construction and equipment and the working capital of the railway as fixed by this agreement;
- (d) to cover any loss by discount on the sale of the bonds of the Association.

6. Electrical power or energy for the operation of the railway shall be supplied by the Commission in accordance with the agreement made with the Commission and the obligations of the Corporations thereunder shall be carried out by the Association.

*(Here set out a synopsis of the terms and conditions of the Agreement, including the amount of power or energy to be supplied and the price to be paid and the terms of payment.)*

7. The railway shall be constructed and equipped by the  
(Association)  
(Commission) as the case may be.

8. The management and operation of the railway shall be and are hereby entrusted to an Association to be elected or appointed as provided by *The Municipal Electric Railways Act*.

*Where the railway is to be constructed on any right of way of the Commission add*

9. The railway shall be constructed on the following right of way acquired by the Commission for the transmission of electrical power or energy.

(Here describe right of way in general terms but so as to identify it) in accordance with the agreement made with the Commission under which a rental of \$..... is to be paid to the Commission annually. The said rental shall be paid to the Commission by the Association on behalf of the Corporations.

If the Corporations determine that provisions should be made for extensions of the railway into any adjacent municipality add

10. The railway may be extended into any adjacent municipality under an agreement to be made between the Association and the Corporation of such municipality with the approval of the Corporations parties to this agreement.

Where the Corporations determine to acquire by purchase any steam, electric or street railway situate within one or more of such municipalities, or any parts of any steam, electric or street railway which are situate within one or more of such municipalities and capable of forming part of the proposed railway system appropriate recitals should be added to the agreement setting out the report of the Commission as to the purchase price and as to the other matters required in a report from the Commission in the case of the construction and equipment of a railway and the provisions of the agreement relative to construction and equipment of the railway should be altered or additions should be made thereto to cover the purchase of the railway or of any part or parts thereof.

Where the Corporations determine to lease or obtain running rights over any such railway or any such part or parts of a railway as above set out add

11. The ..... railway or that part or those parts of the ..... railway (describe the part or parts) as the case may be shall be leased by the Association upon the following terms and conditions (here set out the terms and conditions) and upon such other terms and conditions as the Association may deem proper and the Association shall execute the said lease and carry out its provisions on behalf of the Corporations.

Where the Corporations determine to obtain running rights as above set out add

12. The Association shall enter into an agreement with the ..... Railway Company to obtain running rights over the ..... Railway or over the following part or parts of the ..... Railway (describe the part or parts) on the following terms and conditions (here set out terms and conditions).

13. To keep, observe and perform the covenants, provisoes and conditions set forth in this agreement intended to be kept, observed and performed by the Corporations and to execute such further or other documents and to pass such by-laws as may be requested by the Commission or the Association for the purpose of fully effectuating the object and intent of this agreement and of carrying out the provisions of *The Municipal Electric Railways Act*.

14. To perform and carry out all the duties and obligations cast upon it by *The Municipal Electric Railways Act*, with reference to the construction, equipment, maintenance and operation of the railway or of any extension of it.

15. Should the Corporation fail to perform any of its duties or obligations to the Association under this Agreement or under the said Act the Association may in addition to all other remedies and without notice discontinue the service of the railway to such Corporation until the said duty or obligation has been fulfilled and no such discontinuance of service shall relieve the Corporation in default from the performance of such duty or obligation.

In witness whereof each of the Corporations has affixed its corporate seal and the hands of its proper officers.



