

Bill No. 8
2018

By-law No. A.-_____

A by-law to authorize and approve a Revenue Share Agreement between Extencicare (Canada) Inc. carrying on business as SGP Purchasing Partner Network ("SGP") and The Corporation of the City of London, commencing January 1, 2018, for the purpose of participating in a Revenue Share Program to receive a share of rebates received by the SGP on volume purchases of food products and other related services and products.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, provides that a municipal power shall be exercised by by-law;

AND WHEREAS The Corporation of the City of London wishes to enter into a Revenue Agreement with Extencicare (Canada) Inc., carrying on business as SGP Purchasing Partner Network ("SGP"), 3000 Steeles Ave., Markham, Ontario, L3R 9W2, for SGP, commencing January 1, 2018, for the purpose of participating in a Revenue Share Program to receive a share of rebates received by the SGP on volume purchases of food products and other related services and products;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Revenue Share Agreement attached as Schedule "A" to this by-law, commencing January 1, 2018, between Extencicare (Canada) Inc. carrying on business as SGP Purchasing Partner Network ("SGP") and The Corporation of the City of London, commencing January 1, 2018, for the purpose of participating in a Revenue Share Program to receive a share of rebates received by the SGP on volume purchases of food products and other related services and products be authorized and approved.
2. The Mayor and City Clerk be authorized to execute the Revenue Share Agreement authorized and approved in section 1, above.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on December 12, 2017.

Matt Brown
Mayor

Catharine Saunders
City Clerk

Schedule "A"

REVENUE SHARE AGREEMENT

between

**EXTENDICARE (CANADA) INC., carrying on business as
SGP PURCHASING PARTNER NETWORK ("SGP")**

and

**The Corporation of the City of London, Ontario Canada
("Member")**

WHEREAS:

- A. SGP is a provider of group purchasing services through membership in its SGP Purchasing Partner Network (the "**Volume Discount Program**"), whereby members of the Volume Discount Program ("**VDP Members**") benefit from volume discounts negotiated by SGP on certain goods and services (including, but not limited to, administration, clinical, food service, housekeeping, laundry, recreation and therapy, maintenance, capital equipment, furniture, and fixtures and collectively, the "**Goods and Services**") purchased by VDP Members from vendors ("**VDP Vendors**") participating in the Volume Discount Program.
- B. The Member has chosen to join the Volume Discount Program for **The Corporation of the City of London, Ontario Canada** pursuant to a purchasing agreement (the "**Purchasing Agreement**") with SGP dated **January 1, 2018**, a copy of which is attached to this Agreement as Schedule "A".
- C. Some, but not all, of the VDP Vendors pay revenue back to SGP from time to time on the contract price of the Goods and Services purchased through the Volume Discount Program by the VDP Members.
- D. Approved VDP Members are invited to participate in a revenue sharing arrangement (the "**Revenue Share Program**") by which such VDP Member is entitled to receive a share of any rebates received by SGP from a VDP Vendor calculated on the aggregate purchases by that VDP Member's RSP Group (as hereinafter defined) of Goods and Services from such VDP Vendor above the Threshold Amount (as hereinafter defined).
- E. As of the date hereof, the Member is a member in good standing of the Volume Discount Program and has been approved for and hereby chooses to participate in the Revenue Share Program on the terms and conditions set out herein.

NOW THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties agree as follows:

MEMBERS OF THE GROUP

1. VDP Members that are invited to participate in the Revenue Share Program ("**RSP Members**") are divided into groups (each a "**RSP Group**") at the sole discretion of SGP, and the terms and conditions of each RSP Group's Revenue Share Agreement is specific and confidential to that RSP Group. SGP has included the Member in the RSP Group whose RSP Members include:

Name of Facility	No. of Beds
Dearness Home	243 LTC
City of London Cafeteria	0
Fanshawe Golf Course	0
Hamilton Road Senior's Centre	0
Kiwanis Senior's Centre	0
River Road Golf Course	0
Storybook Gardens	0
Thames Valley Golf Course	0
Discretionary Benefits – City of London	0

*****SGP may add additional RSP Members to the Group at any time upon request from the City of London.**

TERM AND TERMINATION

2. Either party may terminate this Agreement with one hundred and twenty (120) days' prior written notice to the other (to commence on the first day of a month). Notice of termination of this Agreement shall automatically be considered notice of termination in respect of the Member's Purchasing Agreement.
3. Unless otherwise terminated pursuant to the terms herein, the term of this Agreement commences on the date this Agreement is fully executed and terminates on the same day the Member's Purchasing Agreement terminates.

MINIMUM THRESHOLD – (THRESHOLD IS WAIVED)

4. The minimum threshold has been waived for The Corporation of the City of London, Ontario Canada.

CALCULATING A RSP GROUP'S REVENUE SHARE

5. Not every VDP Vendor pays revenue on purchases made from it. Revenue Shares will be calculated and paid only in respect of actual rebates to the extent such rebates are paid to SGP by VDP Vendors.
6. SGP will calculate the total amount of revenue available for payout to each RSP Group in the following manner:
 - (a) thirty-five per cent (35%) of revenue collectively generated on contract purchases by RSP Members in such RSP Group from One Dollar (\$1.00) to Three Million Dollars (\$3,000,000.00) in a Program Year;
 - (b) forty-five per cent (45%) of revenue collectively generated on contract purchases by RSP Members in such RSP Group from Three Million and One Dollars (\$3,000,001.00) to Five Million Dollars (\$5,000,000.00) in a Program Year;
 - (c) fifty per cent (50%) of revenue collectively generated on contract purchases by RSP Members in such RSP Group over Five Million and One Dollars (\$5,000,001.00) in a Program Year.

All of the foregoing figures exclude HST.

CALCULATING A MEMBER'S REVENUE SHARE

7. SGP calculates the Revenue Share payable to each RSP Member of each RSP Group proportionally based on each RSP Member's total spend in the Program Year. To establish each RSP Member's total spend, SGP will rely exclusively upon the purchase history

reports generated by SGP, which describe all purchases of Goods and Services by the RSP Member reported by each VDP Vendor.

8. Each RSP Member shall have access to its purchase history reports at all times and absent any dispute made by the Member in a timely fashion as to the accuracy of a report, each of SGP and the Member agree that the amounts contained in the reports shall be determinative for the purposes of calculating the Member's Revenue Share. The Member shall have the right to have the reports audited at its cost and expense.
9. Each RSP Member's Revenue Share shall be calculated by SGP quarterly on March 31, June 30, September 30 and December 31 of each calendar year.

PAYMENT OF REVENUE SHARE

10. Payment of a Revenue Share is conditional upon the Member:
 - (a) being in good standing under this Agreement and the Purchasing Agreement, and
 - (b) the Member being a member of the Revenue Share Program for the full quarter being paid out (other than the initial quarter, if the Member joined the Revenue Share Program on a day other than the first day of that quarter, in which case the Member's Revenue share will be calculated on a *pro rata* basis for that quarter). For clarity, a Member who ceases to be a member of the Revenue Share Program effective on a day that is not the last day of a quarter is not entitled to a Revenue Share for that quarter.
11. The Member's Revenue Share shall be paid to the Member on or before the end of the second calendar month following the end of the quarter calculated.

CONFIDENTIALITY

12. All of the revenue information provided to the Member (in any form, whether verbal, written or electronic) by SGP or a VDP Vendor is confidential and proprietary. The Member hereby agrees to keep all such information confidential at all times, and to destroy any and all confidential or proprietary information it has in its possession within five (5) days after the termination of its participation in the Revenue Share Program.

NOTICE

13. Every notice or other communication provided for or permitted by this Agreement and all legal process in regard hereto shall be validly given, made or served, if in writing and delivered by hand, by registered mail, by facsimile or by email to the party to whom it is to be given at:

To SGP:

SGP Purchasing Partner Network
3000 Steeles Avenue East, Suite 103
Markham, Ontario L3R 4T9

Attention: Senior Director SGP and Vice President SGP
Telephone: 1.800.263.7025
Facsimile: 1.866.468.0777
Email: csr@sgpnetwork.com

To Member:

The Corporation of the City of London
267 Dundas Street, 4th Floor, London, ON N6A 1H2

Attention: Sarah Denomy, CPPB - Procurement Officer
Telephone: 519.661.CITY (2489) x 4715
Facsimile: 519.661.5030
Email: sdenomy@london.ca

GENERAL PROVISIONS

14. The Member hereby acknowledges that SGP may modify any part of the Revenue Share Program including, but not limited to, the number and/or identity of participating Members and the value of the Threshold Amount in its sole discretion, provided that SGP provides 60 days' notice to the Member of any such change. SGP has the right to terminate the Revenue Share Program at any time, should the Revenue Share Program be terminated SGP will ensure that the Member receives all eligible incentives on purchases made throughout the notice period.
15. The Member shall not have the right to assign, directly or indirectly, its rights and obligations under this Agreement without the prior written consent of SGP, which consent may be unreasonably withheld.
16. SGP acknowledges that all stated deliverables contained in the RFP17-11 submission will be fulfilled. Failure by SGP to satisfactorily meet the deliverable requirements of City shall be deemed a breach of this Agreement.
17. This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns.
18. All amounts stated herein are expressed in Canadian currency.
19. The parties acknowledge and agree that this Agreement may be executed in counterparts and delivered by means of facsimile or email transmission.
20. This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario.
21. If any covenant, obligation or agreement in this Agreement or the application thereof to any person or circumstances is to any extent invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement to persons or circumstances other than those to which it is invalid or unenforceable will not be affected thereby and each covenant, obligation and agreement in this Agreement will be separately valid and enforceable to the fullest extent permitted.
22. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and there are no covenants, representations, agreements, warranties or conditions relating to this Agreement, whether express or implied, collateral or otherwise except those set out herein.

[Signature page follows.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the _____ day of _____, 201__.

**EXTENDICARE (CANADA) INC., c.o.b. as SGP
PURCHASING PARTNER NETWORK**

Per: _____

Name: Jason Horne

Title: Senior Director

Per: _____

Name: Gary Loder

Title: Vice President

I/We have authority to bind the Corporation.

The Corporation of the City of London

Per: _____

Name: Matt Brown

Title: Mayor

Per: _____

Name: Catharine Saunders

Title: City Clerk

I/We have authority to bind the Corporation.

SCHEDULE "A"**COPY OF MEMBER'S EXECUTED PURCHASING AGREEMENT**

See attached.

WSLegal\035055\00189\8791423v5