

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JUNE 19, 2018
FROM:	MAT DALEY DIRECTOR, INFORMATION TECHNOLOGY SERVICES, AND ROSANNA WILCOX DIRECTOR, COMMUNITY AND ECONOMIC INNOVATION
SUBJECT:	SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY (SWIFT) NETWORK PROJECT

RECOMMENDATIONS

That, on the recommendation of the Director of Information Technology Services, and the Director of Community and Economic Innovation and with the concurrence of the Managing Director, Corporate Services & City Treasurer, Chief Financial Officer, the following actions be taken with respect to the Southwestern Integrated Fibre Technology (SWIFT) Network project:

- a) the attached proposed by-law (Appendix "A") BE INTRODUCED at the Municipal Council meeting to be held on June 26, 2018 to:
 - i) authorize and approve an Agreement between The Corporation of the City of London and Southwestern Integrated Fibre Technology Inc. to facilitate the construction and interconnection of an ultra-high-speed, open access fibre optic network;
 - ii) authorize the Mayor and the City Clerk to execute the Agreement noted in part a) i) above; and
 - iii) direct the City Clerk to give written notice of this by-law to the Minister of Finance pursuant to subsection 110(5) of the *Municipal Act, 2001*.
- b) the financing for the project BE APPROVED in accordance with the "Sources of Financing Report" attached hereto as Appendix "B";
- c) The Civic Administration BE AUTHORIZED to undertake all administrative acts that are necessary in connection with this Agreement; and
- d) Approval hereby given BE CONDITIONAL upon the Corporation of the City of London entering into a formal contract and having an agreement relating to the subject matter of this approval.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- None

BACKGROUND

Purpose

The purpose of this report is to seek Council approval to provide funding to the Southwestern Integrated Fibre Technology (SWIFT) Network Project for \$690,000 over three years, at \$230,000 each year, financed from the Economic Development Reserve Fund, to facilitate the construction and interconnection of an ultra-high-speed, open access fibre optic network. The City of London's initial investment will be matched 4:1 by SWIFT to guarantee an additional \$2.07 million of ultra-high-speed fibre and related infrastructure built within the geographic boundary of the City of London with construction to be completed by 2022. This investment provides London with a \$2.76 million open-use fibre backbone and related infrastructure, and as a result of our investment, SWIFT has identified London as one of three core infrastructure nodes in the SWIFT Network which will position The City of London for follow-on fibre infrastructure investment from Internet Service Providers wishing to enhance the network.

Background

Council Strategic Alignment

The SWIFT Network project supports and delivers on Council's vision to be "a leader in commerce, culture and innovation – our region's connection to the World" as this future looking infrastructure project positions London and the Region by enabling greater connectivity and economic development. Specifically, SWIFT will deliver on the "Growing our Economy" strategic area of focus and its sub-strategy of "Local, Regional and Global Innovation".

What is SWIFT?

SWIFT is a non-profit Corporation that exists to provide high-speed fibre optic connectivity throughout Southwestern Ontario, Caledon and Niagara regions by facilitating the construction of the SWIFT Network. SWIFT will do this by leveraging municipal, provincial and federal funding to coordinate Internet Service Providers to build out fibre infrastructure in underserved areas. This enables increased connectivity in areas where near future regular cost network expansion by Internet Service Providers may be less likely due to business case infeasibility.

SWIFT Origins

The Western Ontario Warden's Caucus (WOWC) created the SWIFT project to address internet connectivity gaps in Southwestern Ontario, Caledon and Niagara regions and to prepare for ever-growing demand for broadband connectivity. SWIFT operates through the use of a combination of public and private funding to build on existing fibre and create this far-reaching regional fibre network. This will bring fibre closer to customers and make it easier for Internet Service Providers to connect homes and businesses to ultra-high-speed internet. The new funding will trigger private investment from Internet Service Providers, who will continue to own and operate their networks and deliver services directly to customers. All Internet Service Providers will have equal access to the SWIFT fibre network, leveling the playing field and creating a more competitive marketplace that will better serve both urban and rural communities.

SWIFT began with a network feasibility study conducted in 2012 which laid out the critical path to fund and construct the SWIFT Network. In the following years, the Federal government announced the Canada-Ontario Small Communities Fund and, in 2016, the Canadian Radio-television and Telecommunications Commission (CRTC) declared broadband internet a basic telecommunications service and announced significant funding to reach its ambitious speed and connectivity goals. At the same time, the Federal government announced that it will be making investments to bring high-speed, broadband internet access to 300 rural and remote communities by 2021 through the "Connect to Innovate" program.

The SWIFT project has successfully accessed these funding opportunities and, with funding from all three levels of government and many Internet Service Providers, SWIFT is now moving ahead to deliver this ultra-high-speed fibre network.

Fibre and Broadband Internet as a Vehicle for Economic Development

Traditionally, copper phone lines and coaxial cable were the primary means of providing internet services to business customers. Today's businesses require robust, high speed connectivity at a competitive price, and fibre is becoming the preferred means of providing this connectivity to keep and attract businesses, which ultimately helps to drive economic growth.

Fibre based broadband internet is becoming essential to an increasing number of business operations, social, community and educational needs for all citizens. The positive causal link between economic development and broadband internet access has been extensively studied worldwide. Cornell University's Community & Regional Development Institute recently concluded that, "broadband adoption actually cause[s] certain types of economic growth." There are many broadband internet gaps across Ontario, especially in rural areas leading to a widening digital divide which hurts not just the residents of rural Ontario, but the urban areas who become increasingly economically disconnected from these rural economies.

Governance

SWIFT is a non-profit Corporation that is governed by a 15 member Board of Directors that includes eight WOWC members approved by the WOWC caucus, two additional municipal contributing members (currently selected from Niagara Region, Caledon, Orillia, Waterloo Region and London should it participate), and five seats comprised of members representing First Nations, school boards, colleges and universities. All 15 members have an equal vote on the Board.

How SWIFT Works

Due to the profit-basis by which Internet Service Providers make infrastructure investments, consistent regional fibre being deployed in low-coverage areas in Southwestern Ontario is not guaranteed. This is why there is a growing disparity across Southwestern Ontario with hundreds of thousands of residents falling below the minimum acceptable internet speed threshold set by the CRTC. SWIFT will allow participants to pool resources and contract with private sector providers to improve internet connectivity to all residents in Southwestern Ontario, Caledon and Niagara Region, resulting in the facilitation of economic development in the region. By pooling customer demand and creating economies of scale, SWIFT is able to improve connectivity and decrease rates to all internet consumers.

SWIFT Sustainability Plan

The SWIFT sustainability model is based on two main components. (1) Capital costs (\$290 million) are funded through a mix of Internet Service Provider investment and Federal, Provincial and Municipal funding; and (2) Sustainable recurring revenue throughout the project will come through revenue sharing agreements negotiated between SWIFT and the 28 pre-qualified Internet Service Providers who are building out the open access SWIFT Network. In return for SWIFT continually upgrading the network with a portion of this revenue, SWIFT will retain 51% ownership of the network until 7 years after the initial network construction completes. After this period, network ownership will be transferred back to Internet Service Providers for a nominal consideration.

Timelines, Key Milestones and Costs

SWIFT Key Milestones

The SWIFT project proceeded through a variety of vetting, feasibility and planning stages over the past six years. From initial feasibility studies, to securing multi-level government funding, to just recently completing the Pre-Qualification phase to update and further de-risk the business model. SWIFT is entering the construction phase with the network plan being continually updated as more Municipal Partners join SWIFT.

Timeline	SWIFT Key Milestones
2012 - 2015	Feasibility Study and Development Plan commissioned and completed by the Western Ontario Warden's Caucus (WOWC)
2016 - 2018	Securing 20 Municipal Partners of the SWIFT Network
July 2016	Federal and Provincial Governments announce \$180 Million in funding for SWIFT
May 2017	Two stage request for pre-qualification (RFPQ) to update network data and assess network business feasibility
July 2017	Network Pre-Qualification phase completed
January 2018	Construction RFP released to Pre-Qualified Internet Service Providers
Mid 2018	RFP closes
2018 - 2022	Network construction phase
2022 - 2029	7 year continuous improvement of network and SWIFT-Internet Service Providers revenue sharing phase
2029	Network ownership transferred back to Internet Service Providers for a nominal consideration

City of London - SWIFT Focused Key Milestones

London has been in exploratory conversations with SWIFT since 2017 and should the City of London enter into a legal agreement with SWIFT, funding would begin in late 2018 with construction of the network located in the geographic area of the City of London completed by 2022.

Timeline	London Specific Key Milestones
2018	SWIFT – London contract negotiations
End of 2018	First \$230,000 payment by London to SWIFT
2018 - 2019	London targeted network construction begins
End of 2019	Second \$230,000 payment by London to SWIFT
End of 2020	Final \$230,000 payment by London to SWIFT
End of 2022	London targeted network construction completed

Current Status of SWIFT

“On January 3rd, SWIFT launched its first in a series of upcoming Request for Proposals (RFPs) that outlined a complete list of deliverables and requirements for the design, construction, operation and maintenance of the ultra-high speed, open access, fibre optic backbone network for Southwestern Ontario, Caledon and the Niagara Region. The RFP is based on the information that they had collected from Internet Service Providers, municipalities and community members from across the region. During this phase of the project, the 28 pre-qualified Internet Service Providers will be able to submit a proposal in response to the RFP for the first phase of network construction. Their responses to the RFP will determine exactly where and when the fibre will be built. SWIFT anticipates selecting the Preferred Proponent(s) in the spring of 2018, with construction of the network commencing mid to late 2018.” (April 27, 2018, SWIFT Quarterly Update).

SWIFT Network Capital Costs

The total capital costs for the SWIFT Network are \$290 million. In August of 2016, \$180 million was approved by the Government of Canada under the Canada-Ontario Small Communities Fund (\$90 million through the Province of Ontario and \$90 million through the Government of Canada). SWIFT is targeting approximately \$20 million in contributions from partner municipalities with \$17,018,735 already having been committed. The remaining capital costs, estimated to be approximately \$88 million, will be contributed by Internet Service Providers (to be administered through the SWIFT open and competitive RFP process).

SWIFT Capital Costs	
Government of Canada	\$90 Million
Province of Ontario	\$90 Million
Partner Municipalities	\$20 Million
Internet Service Providers	\$88 Million
Total Capital Cost	\$288 Million

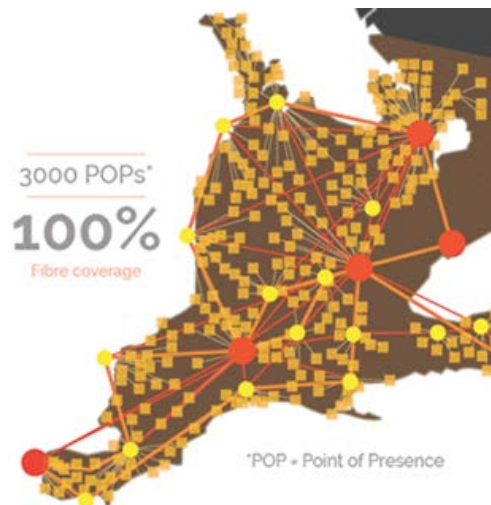
Municipal Members

Over the past several years SWIFT has steadily added to their list of Municipal Partners, including Municipal governments such as Windsor, Orillia, Region of Waterloo, Middlesex County, Niagara Region, Oxford County, Brant County, Bruce County, Caledon, Chatham-Kent, Dufferin County, Elgin County, Essex County, Grey County, Huron County, Lambton County, Norfolk County, Perth County, Simcoe County and Wellington County.

DISCUSSION

SWIFT Matching Investment and London as a Core Network Node

The City of London's initial investment will be matched 4:1 by SWIFT to guarantee an additional \$2.07 million of SWIFT funded ultra-high-speed fibre and related infrastructure, built within the geographic boundary of the City of London, with construction to be completed by 2022. This investment provides London with a \$2.76 million open access fibre backbone and related infrastructure. The City of London SWIFT Working Group will work closely with the London Economic Development Corporation (LEDC) and SWIFT to identify the target locations of greatest interest for fibre investment within the City of London. Further, if London participates in this project, SWIFT has informed Civic Administration that London will be one of three main regional core network nodes in the SWIFT Network plan, with the other two nodes being Guelph and Barrie. This will position London as a logical and attractive target for follow-on infrastructure investment by Internet Service Providers seeking to build off of the open access SWIFT Network backbone after completion of the SWIFT Network Project.



SWIFT provides a unique opportunity to accelerate the process of moving from copper to fibre as a communication medium. Further, once the SWIFT Network is built, Internet Service Providers will continue building on this backbone which will increase the density of broadband fibre within the municipal boundaries of London.

Should London choose not to join SWIFT, it is possible that fibre-optic Internet Service Providers would preferentially expand their networks in areas other than London and surrounding areas in order to take advantage of the significant public subsidy available through the SWIFT Network project.

Economic Development Impact

London's economy is undergoing a rapid digital modernization with our digital media, technology and gaming sectors thriving and gaining national prestige. The nature of their work often requires heavy use of collaborative streaming technologies, large-data file transfers and other high-speed internet demanding uses. These sectors do business internationally, and require high-speed transfer and broadband capabilities to remain competitive locally, regionally and globally. Our industrial and manufacturing sectors are seeing an increased demand for broadband capabilities. With the growing adoption of digitally controlled factory floor machines and the growing ubiquity of embedded Internet of Things (IoT) devices continuously streaming and transmitting data, fibre based internet broadband will be essential to London's economic success. Further, London's digital creative and manufacturing sectors view broadband connectivity as foundational infrastructure for generating new jobs and making new investments to grow their businesses. Positioning ourselves as the SWIFT regional broadband network node will aid in future-proofing and attracting these critical London industries.

With a growing older population in Ontario, resource constraints on medical institutions are likely to continue to increase. Further, it is an increasingly common trend to see health care provider's provision medical services online to improve accessibility. This can provide a lower cost of service than the in-person approach while providing convenient "from home" care to patients facing mobility barriers. Without reliable broadband internet, some Ontario residents facing mobility barriers may have limited access to the online versions of the health care services delivered by medical providers. The SWIFT Network, with London as a core network node will aid in expanding regional patient access to online provisioned medical services.

London has excellent educational institutions and the growing trend to provide online courses is causing a sharp increase in the demand for high-speed broadband internet as many require streaming video. For these educational institutions to access regional students, they require students to have broadband internet which would be further enabled by the regional broadband infrastructure that SWIFT aims to build.

Risk Management

SWIFT has managed this undertaking to mitigate the risks inherent with such a large infrastructure project. For example, SWIFT has continually reviewed business feasibility of the network plan. This is evidenced in the Request for Pre-Qualification Phase where after a detailed business feasibility study had already been conducted, Internet Service Providers wishing to receive the subsidy were required to apply to be Pre-Qualified. This phase required Internet Service Providers to share the exact location of existing fibre infrastructure, known service gaps, business structure, financial plans and network expansion plans to confirm the feasibility of the SWIFT Network.

To secure London's 4:1 infrastructure investment by SWIFT, Civic Administration has ensured provisions have been put in place in the draft agreement between SWIFT and The Corporation of the City of London (Section 4.5 of attached agreement Schedule "A") to guarantee construction is completed within four years and that all investment within London's municipal boundaries is net new SWIFT funded construction.

The City Solicitor's Office notes that under the agreement, The City of London becomes a Contributing Member of Southwestern Integrated Fibre Technology Inc. (SWIFT Inc.). There is the potential for the City of London to be named in any lawsuits that might be brought against SWIFT Inc.

The City Solicitor's Office identified measures with respect to potential bonusing under s. 106 of the *Municipal Act, 2001*. Pursuant to section 110 of the *Municipal Act, 2001*, and Regulation 603/06, the Agreement allows SWIFT to use the City's funding only in respect of the "provision, lease, operation or maintenance" of the SWIFT Network. Further, as per subsection 110(5) of the *Municipal Act, 2001*, the by-law directs the City Clerk to give written notice of the by-law to the Minister of Finance.

FINANCIAL IMPACT

The SWIFT project would be funded through the Economic Development Reserve Fund. The proposed cost schedule is attached Appendix "B". The ongoing operating costs associated with this project and SWIFT membership are \$2,000 a year which will be funded through the existing Information Technology Services operating budget.

CONCLUSION

After consultation with SWIFT and the SWIFT Working Group, Civic Administration is recommending that The Corporation of the City of London enter into an agreement with SWIFT and approve a contribution of \$690,000 to be distributed over a period of three years.

Funding Timeline	London Specific Payment Milestones
End of 2018	First \$230,000 payment by London to SWIFT
End of 2019	Second \$230,000 payment by London to SWIFT
End of 2020	Final \$230,000 payment by London to SWIFT

Entering into an agreement with SWIFT will deliver positive economic development impacts for Londoners by guaranteeing an additional \$2.07 million of ultra-high-speed fibre and related infrastructure built within the geographic boundary of the City of London within four years. This investment provides London with a \$2.76 million fibre infrastructure backbone, and as a SWIFT core network node, will position London for follow-on fibre infrastructure investments from Internet Service Providers. This project will continue London's support of our leading educational and digital media institutions while delivering on Council's vision to be "A leader in commerce, culture and innovation – our region's connection to the World," as well as deliver on the Strategic Area of Focus of Growing our Economy" through "local, regional and global innovation."

Acknowledgements

Special thanks to Larry MacKinnon of the London Economic Development Corporation and the members of the SWIFT Working Group: Alan Dunbar, Gary Irwin, Mark Johnson, and Lynn Marshall.

PREPARED BY:	RECOMMENDED BY:
MATT ROSS MANAGER, INFORMATION TECHNOLOGY SERVICES	MAT DALEY DIRECTOR, INFORMATION TECHNOLOGY SERVICES
RECOMMENDED BY:	CONCURRED BY:
ROSANNA WILCOX DIRECTOR, COMMUNITY AND ECONOMIC INNOVATION	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES & CITY TREASURER, CHIEF FINANCIAL OFFICER

Attach: Appendix "A" – By-law to authorize Agreement
 Schedule "A" – Agreement between SWIFT and The Corporation of the City of
 London
 Appendix "B" – Sources of Financing

APPENDIX “A”

Bill No.
2018

By-law No.

A by-law to approve an agreement between The Corporation of the City of London and Southwestern Integrated Fibre Technology Inc. (SWIFT) regarding funding in order to advance the development of the SWIFT Network.

WHEREAS section 2 of the *Municipal Act, 2001*, S.O. 2001, c.25, as amended, (“*Municipal Act, 2001*”) provides that municipalities are created by the Province of Ontario to be responsible and accountable governments with respect to matters within their jurisdiction and each municipality is given powers and duties under the *Municipal Act, 2001* for the purpose of providing good government with respect to those matters;

AND WHEREAS subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 8 of the *Municipal Act, 2001* provides that the powers of a municipality under this or any other Act shall be interpreted broadly so as to confer broad authority on the municipality to enable the municipality to govern its affairs as it considers appropriate and to enhance the municipality’s ability to respond to municipal issues;

AND WHEREAS subsection 9 of the *Municipal Act, 2001* provides that the City has the capacity, rights, powers and privileges of a natural person for the purposes of exercising its authority under the *Municipal Act, 2001* or any other Act;

AND WHEREAS subsection 10(1) of the *Municipal Act, 2001* provides that a municipality may provide any service or thing that the municipality considers necessary or desirable for the public;

AND WHEREAS subsection 10(2) of the *Municipal Act, 2001* provides that a municipality may pass by-laws respecting: in paragraph 4. Public assets of the municipality acquired for the purpose of exercising its authority under this or any other Act; in paragraph 5. Economic, social and environmental well-being of the municipality; in paragraph 6. Health, safety and well-being of persons; in paragraph 7. Services and things that the municipality is authorized to provide under subsection (1); in paragraph 10. Structures;

AND WHEREAS subsection 106(1) of the *Municipal Act, 2001* provides that a municipality shall not assist directly or indirectly any commercial enterprise through the granting of bonuses for that purpose;

AND WHEREAS subsection 107 of the *Municipal Act, 2001* provides that, subject to section 106, a municipality may make grants to any person, group or body, including a fund, within or outside the boundaries of the municipality for any purpose that council considers to be in the interests of the municipality;

AND WHEREAS Municipal Council of The Corporation of the City of London considers it to be in the interests of the municipality to contribute the sum of \$690,000.00 to SWIFT to advance the development of dark fibre in southwestern Ontario including in the geographic area of the City of London;

AND WHEREAS subsection 110(1) of the *Municipal Act, 2001* provides that the section applies to an agreement entered into by a municipality for the provision of municipal capital facilities by any person, including another municipality, if the agreement provides for assistance provided for in subsection 110(3);

AND WHEREAS subsection 110(3) of the *Municipal Act, 2001* provides that,

despite section 106, a municipality may provide financial or other assistance at less than fair market value or at no cost to any person who has entered into an agreement to provide facilities under this section and such assistance may include, (a) giving or lending money and charging interest; (b) giving, lending, leasing or selling property; (c) guaranteeing borrowing; and (d) providing the services of employees of the municipality;

AND WHEREAS subsection 3(1) of Ontario Regulation 603/06 under the *Municipal Act, 2001* provides that the class of municipal capital facilities described in section 2 of the Regulation are also eligible municipal capital facilities for the purpose of assistance under subsection 110(3) of the Act;

AND WHEREAS subsection 3(2) of Ontario Regulation 603/06 under the *Municipal Act, 2001* provides that no municipal capital facilities other than those in the classes described in subsection 2(1) of the Regulation are eligible for assistance under subsection 110(3) of the Act;

AND WHEREAS subsection 2(1) of Ontario Regulation 603/06 under the *Municipal Act*, lists the various classes of municipal capital facilities including: paragraph 5. Municipal facilities related to the provision of telecommunications;

AND WHEREAS subsection 110(4) of the *Municipal Act, 2001* provides that the assistance shall only be in respect of the provision, lease, operation or maintenance of the facilities that are the subject of the agreement;

AND WHEREAS subsection 110(5) of the *Municipal Act, 2001* provides that, upon the passing of a by-law permitting a municipality to enter into an agreement under this section, the clerk of the municipality shall give written notice of the by-law to the Minister of Finance;

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

1. The agreement to be entered into between The Corporation of the City of London and Southwestern Integrated Fibre Technology Inc. (SWIFT) in which the City provides funding in order to advance the development of the SWIFT Network, substantially in the form attached as Schedule "A" to this By-law, is approved.
2. The Mayor and the City Clerk are hereby authorized to execute the agreement approved in section 1 above.
3. The City Clerk be authorized to give written notice of this by-law to the Minister of Finance pursuant to subsection 110(5) of the *Municipal Act, 2001*.
4. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council , 2018

Matt Brown
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading -
Third reading -

SCHEDULE "A"

THIS AGREEMENT MADE THIS 1st DAY OF JULY, 2018.

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON
(hereinafter referred to as the "Municipal Member")

- and -

SOUTHWESTERN INTEGRATED FIBRE TECHNOLOGY INC.
(hereinafter referred to as "SWIFT")

WHEREAS SWIFT, a not-for-profit, non-share capital corporation incorporated under the laws of Canada, has been formed by upper and single tier municipalities to facilitate the construction and interconnection of an ultra-high-speed, open access fibre optic network (the "**SWIFT Network**"), which SWIFT anticipates will include the development of a core fibre backbone, multiple local access fibre branches, and numerous new Points of Presence ("**PoPs**"), throughout southwestern Ontario, Caledon and Niagara (the "**Regions**");

AND WHEREAS the SWIFT Network is intended to enhance the prosperity and overall well-being of communities within the Regions by subsidizing private telecom service providers' ("**TSPs**") network infrastructure costs so they may provide service to residents, businesses, public service organizations, First Nations and other user groups and ultimately provide equitable access to ubiquitous fibre optic infrastructure;

AND WHEREAS the SWIFT Network will be built and operated by the TSPs, owned by the TSPs (subject to any conditions of the federal and provincial funding described below), and overseen by SWIFT;

AND WHEREAS the estimated initial costs of the SWIFT Network are \$288 million (the "**Initial Costs**"), which will be funded as follows:

- (a) the Government of Canada and the Province of Ontario have collectively committed to fund \$180 million of the Initial Costs;
- (b) the counties and municipalities listed on Schedule "A" hereto (the "**Municipal Partners**") have collectively committed to fund **\$17,018,735** of the Initial Costs (the "**Municipal Funding**");
- (c) other municipalities will fund up to an additional \$3,000,000; and
- (d) the TSPs will fund the remaining Initial Costs;

AND WHEREAS the Municipal Partners and the other funding municipalities noted above will benefit from a multiplier of 14:1 or better on a regional basis for their investments in the development of the SWIFT Network, as the total expenditures on the development of the SWIFT Network will equal at least fourteen (14) times the amount of the cumulative contribution by the Municipal Partners and other funding municipalities;

AND WHEREAS in order to advance the development of the SWIFT Network, the Municipal Member has agreed to contribute to SWIFT \$690,000 of the Municipal Funding (the "**Member Contribution**");

AND WHEREAS in consideration for the Member Contribution (and subject to the Municipal Member contributing the full amount of the Member Contribution to SWIFT in accordance with the terms of this Agreement), SWIFT shall facilitate the construction and interconnection of the

SWIFT Network, with the total expenditures on the SWIFT Network serving the geographic area of the City of London (the “**Municipal Member’s Territory**”) being equal to at least four (4) times the amount of the Member Contribution;

AND WHEREAS once the SWIFT Network becomes operational, a portion of the revenues of the TSPs derived from the SWIFT Network (such portion to be agreed between SWIFT and the TSPs) will be paid to SWIFT, aggregated in a Broadband Development Fund, and used by SWIFT to fund expansion of the SWIFT Network by the TSPs throughout the Regions;

NOW THEREFORE IN CONSIDERATION OF THE PREMISES AND MUTUAL COVENANTS HEREIN CONTAINED AND OF OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES COVENANT AND AGREE AS FOLLOWS:

1. The Municipal Member shall pay the member contribution set out in Schedule “B” (the “**Member Contribution**”) to SWIFT, for the purposes of advancing and developing the SWIFT Network, provided that the Municipal Member shall only pay such Member Contribution once SWIFT makes the Municipal Member a Contributing Member of SWIFT (as defined in SWIFT By-Law No. 1).
2. The Municipal Member shall pay SWIFT the Member Contribution in annual installments, on such dates and in such amounts set out on Schedule “B” hereto, against receipt by the Municipal Member of invoices from SWIFT therefor.
3. In consideration for the Member Contribution (and subject to the Municipal Member contributing the full amount of the Member Contribution to SWIFT in accordance with the terms of this Agreement), SWIFT shall ensure that the total expenditures by SWIFT and the TSPs on developing SWIFT funded Infrastructure for the SWIFT Network to serve the Municipal Member’s Territory equal at least four (4) times the amount of the Member Contribution.
4.
 - 4.1 The Municipal Member shall provide input and feedback to SWIFT, as requested by SWIFT from time to time, regarding the points of presence and fibre cable plant locations to be established within the Municipal Member’s Territory as part of the SWIFT Network. SWIFT shall otherwise be responsible for coordinating the development of the SWIFT Network with the TSPs.
 - 4.2 The Municipal Member shall provide SWIFT a specific list or map of the areas within the Municipal Member’s Territory deemed by the Municipal Member to be most in need of SWIFT Network infrastructure (the “**Target Areas**”).
 - 4.3 SWIFT shall facilitate the construction and interconnection of the SWIFT Network, with the total expenditures on the SWIFT Network serving the Municipal Member’s Territory being equal to at least four (4) times the amount of the Member Contribution.
 - 4.4 SWIFT shall endeavor to work with the Municipal Member to prioritize investment in the Target Areas.
 - 4.5 SWIFT shall complete construction of the portion of the SWIFT Network located in the Municipal Member’s Territory no later than December, 2022.
5. SWIFT shall procure services of TSPs in an open, public and competitive manner in accordance with the Broader Public Sector Procurement Directive of the Management Board of Cabinet dated July 01, 2011.

6. SWIFT may only use the Member Contribution in respect of the provision, lease, operation or maintenance of the SWIFT Network, pursuant to subsection 110(4) of the *Municipal Act, 2001*.
7. SWIFT shall inform the Municipal Member of the progress of the SWIFT Network by delivering a report to the Municipal Member on a semi-annual basis, which report shall include financial information and information about the status of procurement, construction and operation of the SWIFT Network.
8. A portion of the revenues derived from the SWIFT Network will be reinvested by SWIFT to accelerate or further expand the development of the SWIFT Network. In accordance with the conditions of its federal and provincial funding, SWIFT will own at least 51% of the SWIFT Network for the first seven (7) years following construction completion.
9. If SWIFT, in its sole discretion, elects at any time not to proceed with the construction and interconnection of the SWIFT Network, or if SWIFT breaches any of its obligations under this Agreement, then the Municipal Member may terminate this Agreement, and in such event SWIFT shall refund to the Municipal Member the portion of the Member Contribution received by SWIFT, less the Municipal Member's proportionate share of SWIFT's administrative and consulting costs incurred to the date of such refund.
10. If the Municipal Member breaches any of its obligations under this Agreement, then SWIFT may terminate this Agreement, and in such event the Municipal Member (i) shall not be entitled to any refund of any portion of the Member Contribution paid to SWIFT and (ii) shall be liable for any unpaid portion of the Member Contribution if SWIFT has entered into one or more agreements for the development of the SWIFT Network to serve the Municipal Member's Territory in accordance with this Agreement.
11. All of the terms of this Agreement shall be binding upon and shall ensure to the benefit of the parties hereto and their respective successors and assigns.
12. Time shall be of the essence herein.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their officers properly authorized in that behalf on the day and year first written above.

SIGNED, SEALED AND DELIVERED

**THE CORPORATION OF THE CITY
OF LONDON**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have the authority to bind the Municipal Member.

**SOUTHWESTERN INTEGRATED
FIBRE TECHNOLOGY INC.**

Per: _____
Name: Gerry Marshall
Title: Chair

Per: _____
Name: Geoff Hogan
Title: CEO

I/We have the authority to bind SWIFT.

SCHEDULE "A"

MUNICIPAL PARTNERS

Municipal Partners	Contribution
Brant County	\$ 346,986
Bruce County	\$ 860,092
Caledon	\$ 634,062
Chatham-Kent	\$ 762,440
Dufferin County	\$ 535,857
Elgin County	\$ 527,793
Essex County	\$ 1,101,024
Grey County	\$ 1,079,981
Huron County	\$ 678,557
Lambton County	\$ 1,010,429
Middlesex County	\$ 784,063
Niagara Region	\$ 1,000,000
Norfolk County	\$ 505,432
Oxford County	\$ 704,239
Perth County	\$ 569,484
Region of Waterloo	\$ 2,231,874
Simcoe County	\$ 2,457,273
Wellington County	\$ 880,401
Subtotal Upper and Single	\$ 16,669,985
Orillia	\$ 73,750
Windsor	\$ 275,000
Subtotal Separated	\$ 348,750
Total Raised to date	\$ 17,018,735

SCHEDULE "B"

AMOUNTS AND DATES OF MEMBER CONTRIBUTIONS

DATE	AMOUNT
Prior to December 31, 2018	\$ 230,000.00
Prior to December 31, 2019	\$ 230,000.00
Prior to December 31, 2020	\$ 230,000.00
Total Member Contribution	\$690,000.00

APPENDIX 'B'

Chair and Members
Corporate Services Committee

#18098
June 19, 2018
(Establish Budget)

**RE: Southwestern Integrated Fibre Technology (SWIFT) Network Project
(Subledger CP180021)
Capital Project GG1062 - Southwestern Integrated Fibre Technology (SWIFT)
Network Project**

FINANCE & CORPORATE SERVICES REPORT ON THE SOURCES OF FINANCING:

Finance & Corporate Services confirms that the cost of this project, although not included in the Capital Plan, can be accommodated with a drawdown from the Economic Development Reserve Fund, and that, subject to the adoption of the recommendations of the Director, Information Technology Services, Finance and Corporate Services and the Director of Community and Economic Innovation, and with the concurrence of the City Treasurer, the detailed source of financing for this project is:

ESTIMATED EXPENDITURES	Approved Budget	Additional Funding	Revised Budget
Capital Grant	\$0	\$690,000	\$690,000
NET ESTIMATED EXPENDITURES	\$0	\$690,000	\$690,000
SOURCE OF FINANCING:			
Drawdown from the Economic Development Reserve Fund	1) \$0	\$690,000	\$690,000
TOTAL FINANCING	\$0	\$690,000	\$690,000

- 1) The funding is available as a drawdown from the Economic Development Reserve Fund. The uncommitted balance will be approximately \$14.8 million after the approval of this project.
- 2) Funding will be provided to the Southwestern Integrated Fibre Technology (SWIFT) Network Project over 3 years (2018-2020), with payments of \$230,000 taking place at the end of each year.

lp

Anna Lisa Barbon
Managing Director, Corporate Services and
City Treasurer, Chief Financial Officer