MEMORANDUM OF AGREEMENT

REGARDING THE SHARED PRESERVATION COLLECTION AT THE UNIVERSITY OF TORONTO LIBRARIES DOWNSVIEW FACILITY

PARTIES TO THIS AGREEMENT

1. The Governing Council of the University of Toronto, represented by the University of Toronto Libraries (hereinafter referred to as the "UTL")
2. Western University, represented by Western Libraries, and
3. McMaster University, represented by McMaster University Library, and
4. Queen’s University at Kingston, represented by Queen’s University Library, and
5. University of Ottawa, represented by University of Ottawa Library.

(hereinafter referred to as the “Parties”)

GIVEN that the Parties seek to share expertise and collaborate in the development of a sustainable long-term solution for management and preservation of the valuable print collections held in our institutions in order to meet our stewardship responsibilities and provide access to these collections for current and future generations of student and faculty researchers and learners;

AND GIVEN that the Parties feel acutely the pressure that these print collections place on library space as we strive to meet growing demands for more study and collaborative learning spaces in our libraries;

AND GIVEN that it is the desire of the Parties to reduce the costs associated with the duplication of Items in the print collections across Party institutions;

AND GIVEN that it is the intention of the UTL to expand its existing high-density storage and preservation facility consisting of two bays at Downview (hereinafter referred to as the "Downview facility") and add three new storage bays housing three million print items;

AND GIVEN that a Productivity and Innovation Fund grant has been received by the UTL from the Ministry of Training, Colleges and Universities for the purchase of racking systems and mechanized vehicles for the three new storage bays at the Downview facility;

NOW THEREFORE, it is hereby agreed by and between the Parties, subject to the terms of this Agreement, as follows:

• The Parties will strategically collaborate in the development and ongoing management of a Shared Preservation Collection at the Downview facility supporting the library storage
needs of the Parties by accommodating a single copy of any important but low-usage print Item contributed to this collection by any of the Parties;

- The Parties will use an agreed upon Financial Model to support funding of the Shared Preservation Collection.
- The Parties will have Shared Access to all Items housed in the Shared Preservation Collection at the Downsvie facility;

This Memorandum of Agreement (Agreement) between the Parties describes the general terms and conditions as well as the roles and responsibilities of the parties with respect to the operation and governance of the Shared Preservation Collection.

DEFINITIONS

For the purposes of this Agreement:

a. **Item:** An individual print volume, including both journal and monograph formats.
b. **Low-use:** All Items in the Downsvie facility are low-circulating, as defined by each individual Partner.
c. **Preservation Copy:** An Item transferred to the Downsvie facility by a Party and added to the Shared Preservation Collection including material already housed at Downsvie except for rare books, archival collections, and media collections.
d. **Shared Preservation Copy:** A Preservation Copy that another Party has discarded a local copy of in order to rely on the copy already added to the Shared Preservation Collection.
e. **Shared Preservation Collection:** Combination of all Preservation Copies and Shared Preservation Copies housed in the Downsvie facility.
f. **Preservation Copy Ownership:** Each Party retains ownership of any Preservation Copy transferred to the Downsvie facility, but cedes ongoing Operational Control of these items to UTL, and Administrative Control to the Parties, subject to the terms of this Agreement.
g. **Shared Preservation Copy Ownership:** Ownership of a Shared Preservation Copy is shared between the Party who transferred it to the Downsvie facility and any Party who has discarded a local copy in order to rely on the copy already added to the Shared Preservation Collection. Ongoing Operational Control of these items is ceded to UTL, and Administrative Control is ceded to the Parties, subject to the terms of this Agreement.
h. **Operational Control:** UTL will provide management of the Downsvie facility operations and operational control of the Shared Preservation Collection in accordance with UTL policy and procedure.
i. **Administrative Control:** Management and governance of the Shared Preservation Collection will be provided by the Parties as per the terms of this Agreement.
j. **Shared Access:** All Parties will have continued access to all Items added to the Shared Preservation Collection.
k. **Capital Cost:** Net cost representing the total Project Construction Cost minus the PIF funding received.

l. **Operational Cost:** Is defined in Annex A

m. **Transportation Cost:** Is defined in Annex A

**SCOPE OF AGREEMENT**

The scope of this Agreement includes:

- the management and governance of the Shared Preservation Collection at the Downsview facility.
- the terms of ownership for the Preservation Copies and Shared Preservation Copies that make up the Shared Preservation Collection at the Downsview facility.
- the financial model for supporting the Shared Preservation Collection at the Downsview facility.
- the policies and procedures for transferring materials to the Shared Preservation Collection at the Downsview facility.
- the policies and procedures for providing digital or physical delivery of Items housed in the Shared Preservation Collection at the Downsview facility to the Parties.

This Agreement does not cover archives, rare books, non-print formats, or items that a Party is unwilling to allow to circulate or to become a Shared Preservation Copy.

**NATURE OF THE RELATIONSHIP**

The Parties are independent institutions, coming together solely for a specific purpose, as described herein. Notwithstanding the use of the terms Partner and Partnership in this MOA or other documents, nothing in this Agreement creates, or is intended to create, an agency, partnership, joint venture, employee-employer, or franchisor-franchisee, relationship between the Parties pursuant to any legislation or common law rule(s). This MOA does not create a legal partnership between the Parties, and the Parties’ joint activities described herein are not subject to the Ontario Partnerships Act or any other legislation or common law rules governing legal partnerships of any kind.

**MANAGEMENT AND GOVERNANCE**

Robust management and governance are essential for the success of this collaboration. Leadership and management responsibility for the Shared Preservation Collection will be provided by the Steering Committee, which is composed of the University Librarian or equivalent of each Party. A standing Coordinating Committee, consisting of each Party’s Associate University Librarians for Collections or their equivalent shall provide advice and recommendations to the Steering
Committee on operational and collection management aspects of the Shared Preservation Collection and the terms of this Agreement. The Steering Committee may, as deemed necessary, establish other working groups or committees composed of representatives from each Party to facilitate the implementation of this Agreement.

RESPONSIBILITIES OF THE PARTIES

Based on protocols established in this Agreement, UTL will be responsible for:

- ownership of the Downsvine facility
- management of the Downsvine facility operations
- insurance of the Downsvine facility and of Items housed in the Shared Preservation Collection
- operational control of the Shared Preservation Collection
- reporting to each other Party the total Capital Cost upon completion of construction for the purpose of establishing the total capital costs to be shared by the Parties
- providing annual non-audited financial reports on operating costs to each other Party
- providing annual invoices to the other Parties for their share in the financial support of the Shared Preservation Collection, which shall be paid to UTL by each Party (Annex A)
- ingesting Items into the Shared Preservation Collection
- updating the UTL catalogue with all Items transferred to the Shared Preservation Collection
- providing annual reports to each Party of Preservation Copies and Shared Preservation Copies housed in the Shared Preservation Collection

Based on protocols established in this Agreement, all Parties, including UTL, will be responsible for:

- management of the policies governing the Shared Preservation Collection
- carrying out item level validation of Items being transferred to the Shared Preservation Collection
- providing accurate holding records for Items being transferred to the Shared Preservation Collection as Preservation Copies or discarded in favour of a Shared Preservation Copy already housed in the Shared Preservation Collection
- updating holdings in their catalogues to reflect Preservation Copies or Shared Preservation Copies housed in the Shared Preservation Collection (and continue to reflect these holdings in statistical reporting)

LIABILITY

UTL’s liability for damage to content shall be limited to that measure of recovery actually obtained from insurers. The Parties acknowledge that such measure of recovery will be reduced by the
application of a deductible and library material obsolescence factors. Parties agree to share equitably in the disposition of any insurance proceeds at the discretion of UTL and its insurers. The Parties agree that any UTL insurance proceeds shall be used first for the restoration and/or replacement of buildings and fixtures and second for the restoration and/or replacement of items housed in the Shared Preservation Collection.

FINANCIAL MODEL

- The Shared Preservation Collection will be supported by funding from the Parties as specified in the Financial Model described in Annex A, approved and reviewed annually by the Steering Committee. Each Party commits to provide funding for the Capital Costs as detailed in Annex B, for the full twenty year term of this Agreement. All participating libraries will share the Operating Costs of ingest, ongoing storage, and service according to a model to be approved by the Steering Committee and ending on Termination of the Agreement or withdrawal from the project. Each Party shall be responsible for payment of its annual invoice provided by UTL under this agreement.

NEW MEMBERS

The Steering Committee may decide on provisions for adding new parties at a later date.

TERMINATION OF, OR ADJUSTMENTS TO, THIS AGREEMENT

A Party considering withdrawal from the project before the end of this Agreement shall provide written notice to the Steering Committee no less than twelve (12) months prior to the date they wish to withdraw. Shared Preservation Copies in the Shared Preservation Collection cannot be removed by a withdrawing Party without the consent of all other Parties. If a Party that withdraws from the project wishes to have continued access to items deposited to the Shared Preservation Collection during its term of participation, access will be granted subject to fees (including but not limited to, for example, ongoing Capital Cost or Operating Cost payments) and terms that are set by the Steering Committee.

The Shared Preservation Collection collaboration, and this Agreement, can be terminated at any time if all of the Parties agree mutually to its termination. Should this Agreement be terminated prior to the expiry of its stated Term, all Parties will fulfill the outstanding financial obligations for the Capital Cost payments for the remainder of the full twenty year term and will continue to have access to the Shared Preservation Collection. The Coordinating Committee shall, within 24 months following the signing of this Agreement, draft a proposed process for termination for review by the Steering Committee.
The Steering Committee is responsible for this Agreement. Any member of the Steering Committee may request a review of this Agreement.

APPLICABLE RULES

Ongoing management of the Downsview facility shall be governed in accordance to the University of Toronto policies and procedures, which may be changed from time to time.

Ongoing management of the Shared Preservation Collection shall be governed in accordance with policies agreed upon by the Steering Committee. Proposed changes to policies or procedures which would affect the Downsview Shared Preservation Collection shall be discussed by the Coordinating Committee prior to implementation and recommendations forwarded to the Steering Committee for approval.

FORCE MAJEURE

None of the Parties shall be in default hereunder by reason of delays in the performance of or failure to perform any of its obligations hereunder, if such delay or failure is caused by strikes, acts of God or public enemies, riots, incendiaries, interference by civil and military authorities, compliance with governmental laws, rules and regulations, or any failure beyond the reasonable control of that Party, and without fault or negligence.

GENERAL

This Agreement shall be governed by the laws of the Province of Ontario.

This Agreement shall not be assignable by any Parties without the prior written consent of all the other Parties.

The failure of any Parties to enforce any provision of this Agreement or to require performance by any other Parties of any provision hereof shall not be construed to be a waiver of this Agreement or any part hereof or the right of any Parties thereafter to enforce each and every provision in accordance with the terms of this Agreement.

This Agreement may only be amended or varied by the mutual written agreement of all Parties.

This Agreement constitutes the entire understanding between the Parties in relation to the matter herein described and supersedes all previous written or oral communication, understandings and agreements between the Parties unless specifically stated herein.
DISPUTE RESOLUTION

In the event of any dispute arising out of the interpretation of this Agreement, such dispute shall be submitted to arbitration in accordance with the provisions of the Arbitrations Act, R.S.O. 1990, Chap.A.24, and any amendments thereto.

TERM OF THIS AGREEMENT

The effective date of this Agreement is the date it is signed by all five Parties and will remain in full force and effect for 20 years thereafter (Term), subject to the provisions set out in the Termination article of this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Memorandum of Understanding in five sets of originals.

Larry Alford
Chief Librarian
University of Toronto

Vivian Lewis
University Librarian
McMaster University

Catherine Steeves
Vice-Provost & Chief Librarian
Western University

Leslie Weir
University Librarian
University of Ottawa

David Wilkinson
Provost and Vice President Academic
McMaster University

Janice Deakin
Provost and Vice President Academic
Western University

Martha Whitehead
Vice-Provost and University Librarian
Queens University
ANNEX A

There are three components to the Project Costs: Capital costs, Operating costs and Transportation costs.

Definitions:

1. Capital costs: Total construction costs for the three new bays at the UTL Downsview facility, net of the PIF grant received to fund the purchase of racking and mechanized vehicle (See Annex B).

   The Capital cost per volume will be paid over 20 annual payments.

   First payment will begin on year of ingestion and will include a catch-up payment if necessary.

   Shared Preservation Collection includes all items in the UTL Downsview facility, that Capital costs for any item in the facility is calculated based on the construction cost of the three new bays and does not consider the higher per item Capital cost of the items in the first two bays. It doesn’t matter where the items are shelved. It’s about a shared print preservation collective. We have built a costing model at the item level and used the cost of the new construction which was required to house any materials all Parties might send as the basis for the Capital cost portion of the per item cost.

2. Operating costs: Any direct costs for operating the facility for a fiscal year. Categories of expenses are presented in Annex B;

3. Transportation costs as determined by the Service Committee, which will change from time to time.

4. Fiscal year will be from May 1st to April 30th.

Parties will only pay for actual usage in a given year and the costs will be calculated and paid annually. (see example in Annex C).

Parties will only pay for actual usage when materials begin to ship to the Downsview Facility and no matter when it has been shipped during the fiscal year.

UTL will provide, every year before the billing process, to each Parties an inventory report of their ownership of the Shared Preservation Collections.

UTL will provide unaudited financial statements (Annex B) to the Parties on an annual basis within three months after the end of the fiscal year.
ANNEX B
UTLD - HIGH DENSITY STORAGE (DOWNSVIEW 5)
COST ESTIMATES
Revised June 6, 2016

(A) CAPITAL COSTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost for 3 new bays (not including land value)</td>
<td>$10,128,000</td>
</tr>
<tr>
<td>Estimated Construction Surplus</td>
<td>-$965,000</td>
</tr>
<tr>
<td>PIF Funding received (for racking)</td>
<td>-$2,291,000</td>
</tr>
<tr>
<td><strong>Net Total capital cost for 3 bays, not including land value</strong></td>
<td>$6,872,000</td>
</tr>
<tr>
<td>Volume (# of books planned)</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Capital Cost per volume</td>
<td>$2.29</td>
</tr>
<tr>
<td><strong>Amortized on 20 years</strong></td>
<td>$0.115</td>
</tr>
</tbody>
</table>

(B) OPERATING COSTS (annual)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Costs (Note 1)</td>
<td></td>
</tr>
<tr>
<td>Salaries - Casual (incl benefits)</td>
<td>$27,000</td>
</tr>
<tr>
<td>Salaries - 3 FTEs (incl benefits)</td>
<td>$247,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>$2,000</td>
</tr>
<tr>
<td>Telephone</td>
<td>$2,000</td>
</tr>
<tr>
<td>Operating costs</td>
<td>$224,700</td>
</tr>
<tr>
<td>Supplies (tray and barcode)</td>
<td>$14,740</td>
</tr>
<tr>
<td>Other</td>
<td>$2,000</td>
</tr>
<tr>
<td>Photocopier Printers</td>
<td>$1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$520,440</td>
</tr>
<tr>
<td>Volumes (capacity of the 3 new bays)</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Operating Costs per volume</td>
<td>$0.170</td>
</tr>
</tbody>
</table>

(C) TRANSPORTATION

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Courrier Cost / item</td>
<td>$-</td>
</tr>
<tr>
<td>Transportation Costs per item transferred</td>
<td>$-</td>
</tr>
</tbody>
</table>

Notes:
1. Base year = 2014/15. Subject to increases in 2015-16 and future years. This is for existing 2 bays and the volume processed = 220,000.
2. Supplies (tray and barcode) - based on 2015 actual
3. Base on UofT - Actual will depend on COU courier arrangement.
4. 4 FTE less 1 FTE to reflect 1 FTE assigned to maintain UTL's existing 2 million volume in pod 1 & 2 ($311,000 less $64,000 = $247,000)
5. Operating costs include utilities, insurance, cleaning, building fabric repairs, building operations (M&E), deferred maintenance, shared services (fire, secure/police, grounds, etc.)
6. 2675 GSM for the new addition. Operating costs of $84/GSM = $224,700

Copy of New Annex B and C - D5 Financial Model UTL with revised CAPITAL COST and TRANSFERS (Jun 6 2016) - Annex B (revised notes)
## ANNEX C
D2 Review Project
FINANCIAL MODEL
EXAMPLE WITH SHARED OWNERSHIP IN YEAR 1
Formed June 6, 2006

### VOLUMES for one University

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

At beginning of year
- Transferred to D2Review +
- Divested from the University’s Collection

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

At ending of year - cumulative (see note 1)

### COSTS

<table>
<thead>
<tr>
<th>Capital (see note 1)</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership - Unique (see note 3)</td>
<td>$0.1150</td>
<td>100%</td>
<td>$1,300</td>
<td>100%</td>
<td>2,450</td>
</tr>
<tr>
<td>Ownership - Shared with 2 (see note 4 and 7)</td>
<td>$0.0755</td>
<td>6%</td>
<td>-</td>
<td>0%</td>
<td>6%</td>
</tr>
<tr>
<td>Ownership - Shared with 3</td>
<td>$0.0555</td>
<td>6%</td>
<td>-</td>
<td>0%</td>
<td>6%</td>
</tr>
<tr>
<td>Ownership - Shared with 4</td>
<td>$0.0355</td>
<td>6%</td>
<td>-</td>
<td>0%</td>
<td>6%</td>
</tr>
<tr>
<td>Ownership - Shared with 5</td>
<td>$0.0255</td>
<td>6%</td>
<td>-</td>
<td>0%</td>
<td>6%</td>
</tr>
</tbody>
</table>

| Capital Cost Formula: | $1,300 | 100% | $2,450 | 100% | $7,243 | 100% | $16,445 | 100% | $16,445 |

### Prior Year(s) Adjustment for Volume Transferred (see note 5)

| Volume Transferred in Year 1 | $20,000 | $2,000 | $27,000 | $27,000 |
| Volume Transferred in Year 2 | $20,000 | $2,000 | $27,000 | $27,000 |
| Volume Transferred in Year 3 | $20,000 | $2,000 | $27,000 | $27,000 |
| Volume Transferred in Year 4 | $20,000 | $2,000 | $27,000 | $27,000 |
| Volume Transferred in Year 5 | $20,000 | $2,000 | $27,000 | $27,000 |

### Operating Costs

| Operating Cost Formula - Unique (see note 6) | $0.2770 | 100% | $1,008 | 100% | $4,032 | 100% | $16,128 | 100% |
| Operating Cost Formula - Shared with 2 partners | $0.1805 | 6% | - | 0% | 6% | - | 6% | - |
| Operating Cost Formula - Shared with 3 partners | $0.1067 | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Operating Cost Formula - Shared with 4 partners | $0.0545 | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Operating Cost Formula - Shared with 5 partners | $0.0273 | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

| Operating Cost Formula: | $1,300 | 100% | $2,450 | 100% | $7,243 | 100% | $16,445 | 100% | $16,445 |

### Estimated Total Cost

| Estimated Total Cost | $2,899 | $10,050 | $22,513 | $69,302 |

### Notes:
1. This model has been simplified for descriptive purposes; only shares shared ownership with a partner and further details can be discussed later. Assume first-year, third and fourth-year volumes transferred to D2 in 10,000 30,000 40,000 30,000, and do for the fifth year - correspondingly, to simplify calculations. Fifth-year in showing dividends in D2’s financials to demonstrate the effect of no cash as for capital cost.
2. It is presumed that there were volumes in the first year of the specific title transferred to D2Review.
3. This model is based on the assumption that the title was transferred to D2Review at the end of its fifth year, ensuring shared ownership for this model.
4. 12% of total sales revenue is 8% per volume and 6% 29% and 0% at the end volume and 0% at the end of each year, ensuring shared ownership for the first model.
5. It is assumed that the total sales revenue for the year is calculated using the rule of thumb of 8% per volume.
6. The model assumes that the title was transferred to D2Review at the end of its fifth year, ensuring shared ownership for this model.
7. The model assumes that the title was transferred to D2Review at the end of its fifth year, ensuring shared ownership for this model.
8. This model assumes that the title was transferred to D2Review at the end of its fifth year, ensuring shared ownership for this model.

### Appendix C - D2 Financial Model UTIL with revised CAPITAL COST and TRANSFERS (Jan 6 2015) - AnnexC/SharedCap&OpYr5-5