

MEMORANDUM OF UNDERSTANDING

BETWEEN:

THE REGIONAL MUNICIPALITY OF NIAGARA ("Region")

and

NIAGARA PENINSULA CONSERVATION AUTHORITY ("NPCA")

WHEREAS the NPCA has levied the Region for Capital Works as one of the constituent Municipalities in its watershed;

AND WHEREAS the Region debentured the amount so levied, pursuant to the *Conservation Authorities Act*, R.S.O. 1990, c.C.27 (the "Act")

74-2003-10-CA

89-2004-10-CA

61-2005-10-CA

57-2006- 10-CA

72-2007-10-CA

61-2008-10-CA

67-2009-10-CA

73-2010-10-CA ("Past Capital Levy")

AND WHEREAS the Parties wish to provide for the proper accounting of the Past Capital Levy and the orderly payment of future obligations;

NOW THEREFORE THE PARTIES HERETO hereby agree as follows:

1. The Region acknowledges that the NPCA shall levy the Region as a special benefitting Municipality, an annual amount for the debenture interest and principal due for the current year on the Past Capital Levy. Such levy shall continue until the current debt is retired.
2. As of December 31, 2012, the remaining amount of the Past Capital Levy is \$7,512,782.90.
3. The NPCA shall pay to the Region the amount required by the Region to meet the annual payment for the portion of the Region's debenture obligations that are properly attributable to the debt undertaken to meet the Past Capital Levies of NPCA. Such portion to be referred to as the "NPCA Share"
4. The NPCA will record the NPCA Share as a debt on its annual Financial Statements. The Region will record the NPCA Share as a debt recoverable from NPCA on its annual Financial Statements.
5. Pursuant to the Act, the NPCA levies the Region a total levy for its requirements for operations which includes the annual payment on the Past Capital Levy (the "Total Levy"). The 2012 Total Levy was \$6,557,104.00 which included the Past Capital Levy payment of \$1,628,851.96. Both figures shall continue to be used in the base budget for subsequent Total Levies plus or minus the Budget guidance directed by Regional Council, which budget

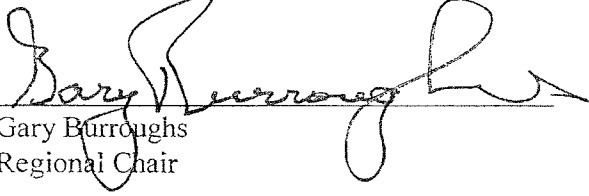
is submitted to Regional Council for approval.

6. The Parties agree that this Memorandum acknowledges the Past Capital Levies that have been funded by the Region for the benefit of NPCA to December 31, 2012 and which form part of the NPCA Total Levy to the Region. The Parties agree that this Memorandum is intended to record the arrangement that has been reached to deal with the past practices of the Parties in recording the Past Capital Levy. In the event that in subsequent years new debentures are issued by the Region for new NPCA Capital Levies the same accounting for the debentures on the books of the Parties shall be used, subject to the Parties adjusting the amount of the NPCA Share of the Region's debentures and annual payment on account of such amount.
7. It is acknowledged that NPCA is eligible from time to time to obtain funding from the Ontario Government which may entail further levies for Capital Projects. This Memorandum is not intended to prejudice the NPCA's ability to apply for or participate in such future opportunities.
8. The Parties agree to meet and discuss the annual payments to be made and/or future debenture issues upon either party requesting such an opportunity.

Dated at Thorold, this 31st day of December, 2012.

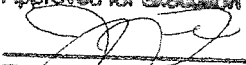
THE REGIONAL MUNICIPALITY OF NIAGARA

Per:


Name: Gary Burroughs
Title: Regional Chair


Name: Janet Pilon
Title: Regional Clerk

Approved for execution

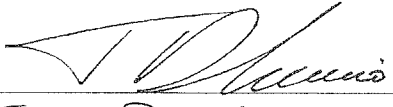

The Regional Municipality of Niagara
Legal Services

We have authority to bind the Corporation

Dated at Welland, this 31st day of December, 2012.

NIAGARA PENINSULA CONSERVATION AUTHORITY

Per:


Name: Tony Damario
Title: CAO/ Secretary Treasurer

I/We have authority to bind the Corporation