City of Peterborough

To:	**Members of the Committee of the Whole**
From:	**Sandra Clancy, Director of Corporate Services**
Meeting Date:	**May 12, 2014**
Subject:	**Report CPFS14-007 Federal Gas Tax Fund Agreement**

Purpose

A report to recommend a by-law be passed authorizing the execution of a Municipal Funding Agreement with the Association of Municipalities of Ontario for Federal Gas Tax Revenues and to recommend authorization to have the option of investing the funds in the Association of Municipalities of Ontario's One Investment Program.

Recommendations

That Council approve the recommendations outlined in Report CPFS14-007 dated May 12, 2014, of the Director of Corporate Services, as follows:

a) That a by-law be passed authorizing the Mayor and Clerk to sign the ten-year Municipal Funding Agreement for the transfer of Federal Gas Tax Funds between the Association of Municipalities of Ontario and the City of Peterborough as in Appendix A attached; and

b) That the City of Peterborough have the option of investing its Gas Tax Funds into the One Investment Program by appointing the Association of Municipalities of Ontario as the City's delegate for the investment of Gas Tax Funds into the One Investment Program.

Budget and Financial Implications

The City will receive $23,698,825 in Federal Gas Tax Revenues over the first five-years (2014 - 2018) of the Agreement.

An estimate of $4,500,000 is reflected in the 2014 approved budget. The actual funding is $4,557,466.31. The surplus of $57,466.31 will be allocated to projects through the 2015 budget process, along with the 2015 funding of $4,557,466.31 or may be allocated to a project during 2014 if an opportunity or need is presented.

Background

New gas tax deal reached

In June 2005, Canada, Ontario, the Association of Municipalities of Ontario (AMO) and Toronto signed a historic agreement setting out new revenue sharing arrangements for Federal Gas Tax Funds (GTF) for investment in environmentally sustainable municipal infrastructure. A cornerstone of Canada's New Deal for municipalities, the agreement resulted in approximately $1.9 billion flowing to Ontario municipalities over five years from 2005 to 2009.

On January 10, 2006, the City of Peterborough entered into the Municipal Funding Agreement for the Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities and has received $11,608,144.05 under the five-year term of the agreement.

On September 3, 2008, AMO signed an extension to the Agreement for the Transfer of Federal Gas Tax Revenues under the new Deal for Cities and Communities. The City of Peterborough proceeded to execute an amendment to the Municipal Funding Agreement with AMO to facilitate the transfer of $18,394,863 Federal Gas Tax Funding during the four-year term from 2010 to 2013.

Canada, Ontario, AMO and Toronto extended the GTF to 2023 by signing the Administrative Agreement for the transfer of the Federal Gas Tax Funds which took effect on April 1, 2014. These funds are allocated to municipalities on a per-capita basis using the last census data (2011).

What is required of municipalities?

There are a number of requirements both now and over the life of the Agreement. This includes annual reporting, outcomes reporting, a new communications protocol, and demonstrating progress on Asset Management. The first requirement is for the City to pass a by-law authorizing the execution of and sign the Municipal Funding Agreement (MFA), attached to this Report CPFS14-007 as Appendix A.

How is this new Agreement different than the one we have now?

Canada has introduced changes in the Agreement that will benefit municipalities. A chart comparing the old and new Agreements is included in Appendix B, Guide to the MFA for the transfer of Federal Gas Tax Funds – 2014, page 12.

At a high level, changes include:

1. **Permanency:** The GTF is now permanent in Federal legislation. The MFA is now a 10 year agreement.

2. **New categories of infrastructure:** Municipalities can now invest in 17 eligible categories.

3. **More flexibility:** Category restrictions have been removed. Municipalities can “bank” or carry over funding for up to five years. Outcomes are now focused on community benefits and not just environmental outputs.

4. **Allocations:** Allocations for 2014-2018 are based on population data from the 2011 Census. Allocations for 2019-2023 will be based on the 2016 Census.

5. **Partial indexation:** Municipal allocations will increase in 2016 and in 2018. This is because the GTF will grow nationally at 2% per year in $100 million increments.

6. **Streamlined administration:** Municipalities now have less reporting and audit requirements. Municipalities no longer have to submit Schedule Cs when investing in local roads and bridges and no longer have to complete an annual audit.

7. **Communications:** More emphasis has been placed on communications as construction signage is required for all Gas Tax funded projects. For planning purposes, municipalities will have to load new/planned projects into the online system ahead of time.

8. **Ineligible expenses:** Municipal administration costs are ineligible. Health care infrastructure such as public health facilities and long-term care homes are also ineligible. Leasing of equipment (including for construction) is an ‘own source’ expense and will need prior approval.

What types of infrastructure are eligible?

As of April 1, 2014, municipal infrastructure projects may fall within the following 17 categories: local roads and bridges (including active transportation), short-sea shipping, short-line rail, regional and local airports, broadband connectivity, public transit, drinking water, wastewater, solid waste, community energy systems, brownfield redevelopment, sport, recreation, culture, tourism, disaster mitigation and capacity building.

For costs incurred before April 1, 2014, municipalities are restricted to seven eligible categories: local roads and bridges, public transit, water, wastewater, solid waste, community energy systems and capacity building.

Municipalities must clearly demonstrate that projects are prioritized based on an Asset Management framework, and that total Gas Tax funding is incremental.

What is incrementality?

The goal of the GTF is to address the significant infrastructure deficit. Municipalities are agreeing not to displace their own capital investments or use the Gas Tax to reduce municipal taxes. Gas Tax must result in increased investment in municipal infrastructure equal to the amount received. Each municipality must ensure their investments are incremental.

Asset management

Asset management is a key component of the Agreement. Canada has stated that municipalities will have to show progress and outcomes of Asset Management planning over the life of the new Agreement. Under the MFA, Asset Management Plans must be complete by December 31, 2016.

Outcomes reporting

The program has been broadened to focus on community benefits and not just environmental outcomes. On a project level, environmental indicators are no longer applicable. Instead, municipalities will now report on:

- Beneficial impacts on communities of completed Eligible Projects
- Enhanced impact of the GTF as a predictable source of funding, including incrementality.

On a broader note, municipalities will also have to demonstrate that Asset Management Plans are being used to guide infrastructure planning and investment decisions, and how GTF is being used to address priority projects.

When does the money have to be spent?

Municipalities now have up to five years after the year the money was received to spend the funds on an eligible municipal infrastructure project. During this time, municipalities can invest Funds so that they have more for infrastructure later.

The One Investment Program

The One Investment Program is a co-investment program jointly operated by the Local Authority Services (LAS) and CHUMS Financing Corporation (subsidiaries of AMO and the Municipal Finance Officers Association of Ontario, respectively). The Program is designed specifically to maximize investment returns for municipalities while meeting the regulations outlined in the **Municipal Act, 2001**.

Through the One Investment Program, AMO has developed a set of five investment options (1-5 years) that provide municipalities the opportunity to earn interest and grow investments so that there is more money to allocate to infrastructure projects in the future. The City of Peterborough's existing investment policy includes the One Investment Program. The authorization being sought allows AMO, acting as the City's investment delegate, to invest Gas Tax Funds directly into the One Investment Program. When it is time for a Gas Tax payment, the City can decide to receive the money as usual or invest it in the One Investment Program for a one, two, three, four or five year term. The passing of the by-law does not bind or force the municipality to invest but it provides the option to invest the Gas Tax payments directly into the One Investment Program. The City may also receive the money as usual and invest it along with its other cash balances until it is required.

Summary

The GTF provides Ontario's municipalities with a per-capita allocation each year, without the need for an application or matching funding. It allows municipalities to make investment decisions within the program's parameters. In signing the Agreement, the City agrees to provide annual reporting, outcomes reporting, follow a new communications protocol, and demonstrate progress on Asset Management. The first requirement is passing a by-law to authorize the Mayor and Clerk to sign the MFA with AMO to allow the flow of Federal Gas Tax Revenues. The City can also invest unused funds in AMO's One Investment Program if it so chooses.

Submitted by,

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Attachments:

Appendix A – Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds

Appendix B – Guide to the Municipal Funding Agreement for the Transfer of Federal Gas Tax Funds – 2014

Appendix A

MUNICIPAL FUNDING AGREEMENT

FOR THE TRANSFER OF FEDERAL GAS TAX FUNDS

This Agreement made in duplicate as of 1st day of April, 2014.

BETWEEN:

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO

(referred to herein as "AMO")

AND:

THE CITY OF PETERBOROUGH

(a municipal corporation pursuant to the *Municipal Act, 2001,* referred to herein as the "Recipient")

WHEREAS the Government of Canada makes up to $2 billion per year available for allocation by the Government of Canada for the purpose of municipal, regional and First Nations infrastructure starting in the fiscal year beginning on April 1, 2014 under Section 161 of *Keeping Canada's Economy and Jobs Growing Act*, S.C. 2011, c. 24;

WHEREAS Canada, the Province of Ontario, Ontario municipalities as represented by AMO and Toronto are signatories to the administrative agreement on The Federal Gas Tax Fund on April 1, 2014 (the "Canada-Ontario-AMO-Toronto Agreement"), whereby AMO agreed to administer federal gas tax funds made available to Ontario municipalities, excluding Toronto, pursuant to the Canada-Ontario-AMO-Toronto Agreement on behalf of Canada;

WHEREAS the Canada-Ontario-AMO-Toronto Agreement contains a framework for the transfer of federal gas tax funds to Ontario municipalities represented by AMO and Toronto to provide stable, reliable and predictable funding for municipal infrastructure purposes;

WHEREAS the Recipient wishes to enter into this Agreement in order to participate in the federal Gas Tax Fund;

WHEREAS AMO is carrying out the fund administration and coordinating role in accordance with its obligations set out in the Canada-Ontario-AMO-Toronto Agreement and it will accordingly undertake certain activities and require Recipients to undertake activities as set out in this Agreement.

THEREFORE the Parties agree as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**. When used in this Agreement (including the cover and execution pages and all of the schedules), the following terms shall have the meanings ascribed to them below unless the subject matter or context is inconsistent therewith:

"Agreement" means this Agreement, including the cover and execution pages and all of the schedules hereto, and all amendments made hereto in accordance with the provisions hereof.

"Annual Report" means the duly completed report to be prepared and delivered to AMO as described in Section 7.1 and Section 1 of Schedule D.

"Asset Management Plan" means a strategic document that states how a group of assets are to be managed over a period of time. The plan describes the characteristics and condition of infrastructure assets, the levels of service expected from them, planned actions to ensure the assets are providing the expected level of service, and financing strategies to implement the planned actions. The plan may use any appropriate format, as long as it includes the information and analysis required to be in a plan as described in Ontario's Building Together: Guide for Asset Management Plans.

"Association of Municipalities of Ontario (AMO)" means a legally incorporated entity under the *Corporations Act, 1990* R.S.O. 1990, Chapter c.38.

"Base Amount" means an amount reflecting total municipally-funded capital spending on Infrastructure between January 1, 2000 and December 31, 2004 less: (i) monies raised (during that period) under the *Development Charges Act, 1997* S.O, 1997, c.27; and (ii) monies received (during that period) by Municipalities under federal and provincial infrastructure programs against which investments of Funds will be measured to ensure that investments of Funds are incremental.

"Canada" means Her Majesty in Right of Canada, as represented by the President of the Queen's Privy Council for Canada, Minister of Infrastructure, Communities and Intergovernmental Affairs.

"**Contract**" means an agreement between the Recipient and a Third Party whereby the latter agrees to supply a product or service to an Eligible Project in return for financial consideration.

"Eligible Expenditures" means those expenditures described as eligible in Schedule C.

"Eligible Projects" means projects as described in Schedule B.

"Eligible Recipient" means:

(a) a Municipality or its agent (including its wholly owned corporation); and

(b) a non-municipal entity, including for profit, non-governmental and not-for profit organizations, on the condition that the Municipality(ies) has (have) indicated support for the project through a formal by-law passed by its (their) council(s)

“Event of Default” has the meaning given to it in Section 12.1 of this Agreement.

“First Agreement” means the Municipal Funding Agreement for the transfer of federal gas tax revenues under the New Deal for Communities entered into by AMO and the CITY OF PETERBOROUGH, with an expiry date of March 31, 2015.

“Funds” mean the Funds made available to the Recipient through the Gas Tax Fund, a program established by the Government of Canada under Section 161 of the *Keeping Canada’s Economy and Jobs Growing Act*, S.C. 2011, c. 24 as amended by Section 233 of the *Economic Action Plan 2013 Act*, No. 1, S.C. 2013, C. 33 or any other source of funding as determined by Canada. Funds are made available pursuant to this Agreement and includes any interest earned on the said Funds. For greater certainty: (i) Funds transferred to another Municipality in accordance with Section 6.2 of this Agreement, other than as set out in Sections 7.1(a), (c) and (f), are to be treated as Funds by the Municipality to which the Funds are transferred and are not to be treated as Funds by the Recipient; and (ii) any Funds transferred to a non-municipal entity in accordance with Section 6.3 of this Agreement shall remain as Funds under this Agreement for all purposes and the Recipient shall continue to be bound by all provisions of this Agreement with respect to such transferred Funds.

“Ineligible Expenditures” means those expenditures described as ineligible in Schedule C.

“Infrastructure” means municipal or regional, publicly or privately owned, tangible capital assets primarily for public use or benefit in Ontario.

“**Lower Tier Municipality**” means a municipality that forms part of an upper-tier Municipality for municipal purposes, as defined under the *Municipal Act, 2001* S.O. 2001 c.25.

“Municipal Fiscal Year” means the period beginning January 1^{st} of a year and ending December 31^{st} of the same year.

“Municipality” and “Municipalities” means every municipality as defined under the *Municipal Act, 2001* S.O. 2001 c.25*.*

“One Investment Program” means the co-investment program operated jointly by Local Authority Services, an incorporated subsidiary of AMO and CHUMS Financing Corporation, an incorporated wholly-owned subsidiary of the Municipal Finance Officers’ Association of Ontario.

“Outcomes Report” means the report prepared and delivered to AMO by the Recipient by March 31, 2017 and again by March 31, 2022 which reports on how Funds are supporting progress towards achieving the program benefits, more specifically described in Schedule D.

“Oversight Committee” means the committee established to monitor the overall implementation of the Canada-Ontario-AMO-Toronto Agreement.

“Parties” means AMO and the Recipient.

“Recipient” has the meaning given to it on the first page of this Agreement.

“Third Party” means any person or legal entity, other than the Parties to this Agreement who participates in the implementation of an Eligible Project by means of a Contract.

“Transfer By-law” means a by-law passed by Council of the Recipient pursuant to Section 6.2 and delivered to AMO in accordance with that section.

“Unspent Funds” means the amount reported as unspent by the Recipient as of December 31, 2013 as submitted in the Recipient’s 2013 Annual Expenditure Report (as defined under the First Agreement).

“Upper Tier Municipality” means a Municipality of which two or more lower-tier municipalities form part for municipal purposes, as defined under the *Municipal Act, 2001* S.O. 2001 c.25.

1.2 **Interpretations**:

Herein, etc. The words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not any particular schedule, article, section, paragraph or other subdivision of this Agreement.

Currency. Any reference to currency is to Canadian currency and any amount advanced, paid or calculated is to be advanced, paid or calculated in Canadian currency.

Statutes. Any reference to a federal or provincial statute is to such statute and to the regulations made pursuant to such statute as such statute and regulations may at any time be amended or modified and in effect and to any statute or regulations that may be passed that have the effect of supplementing or superseding such statute or regulations.

Gender, singular, etc. Words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural, and vice versa.

2. TERM OF AGREEMENT

2.1 **Term**. Subject to any extension or termination of this Agreement or the survival of any of the provisions of this Agreement pursuant to the provisions contained herein, this Agreement shall be in effect from the date set out on the first page of this Agreement, up to and including March 31, 2024.

2.2 **Review**. This Agreement will be reviewed by AMO by December 31, 2018.

2.3 **Amendment**. This Agreement may be amended at any time in writing as agreed to by AMO and the Recipient.

2.4 **Notice**. Any of the Parties may terminate this Agreement on two (2) years written notice.

2.5 The Parties agree that the First Agreement, including section 15.4 thereof, is hereby terminated. Notwithstanding the termination of the First Agreement, including section 15.4, the reporting and indemnity obligations of the Recipient thereunder with respect to expended Funds governed by the First Agreement as set forth in sections 5, 7, 10.4, 10.5 and 10.6 of the First Agreement shall survive the said termination**.**

3. RECIPIENT REQUIREMENTS

3.1 **Communications.** The Recipient will comply with all requirements outlined in Schedule E, including:

(a) Providing upfront project information on an annual basis for communications purposes;

(b) Including Canada in local project communications; and

(c) Installing federal project signs.

3.2 **Incrementality.** Any Funds that the Recipient may receive from Canada are not intended to replace or displace existing sources of funding for the Recipient's tangible capital assets. The Recipient will ensure that its total annual expenditures on tangible capital assets over the life of the Agreement, on average, will not be less than the Base Amount.

3.3 **Contracts.** The Recipient will award and manage all Contracts in accordance with its relevant policies and procedures and, if applicable, in accordance with the Agreement on Internal Trade and applicable international trade agreements, and all other applicable laws.

(a) The Recipient will ensure any of its Contracts for the supply of services or materials to implement its responsibilities under this Agreement will be awarded in a way that is transparent, competitive, consistent with value for money principles and pursuant to its adopted procurement policy.

4. ELIGIBLE PROJECTS

4.1 **Eligible Project Categories**. Eligible Projects include investments in Infrastructure for its construction, renewal or material enhancement in the categories of public transit, local roads and bridges, wastewater, water, solid waste, community energy systems, capacity building, local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband connectivity, brownfield redevelopment, cultural, tourism, sport and recreational infrastructure, as more specifically described in Schedule B and Schedule C.

4.2 **Recipient Fully Responsible**. The Recipient is fully responsible for the completion of each Eligible Project in accordance with Schedule B and Schedule C.

5. **ELIGIBLE EXPENDITURES**

5.1 **Eligible Expenditures**. Schedule C sets out specific requirements for Eligible and Ineligible Expenditures.

5.2 **Discretion of Canada.** Subject to Section 5.1, the eligibility of any items not listed in Schedule B and/or Schedule C to this Agreement is solely at the discretion of Canada.

5.3 **Unspent Funds.** Any Unspent Funds, and any interest earned thereon, will be subject to the terms and conditions of this Agreement, and will no longer be governed by the terms and conditions of the First Agreement.

5.4 **Reasonable Access**. The Recipient shall allow AMO and Canada reasonable and timely access to all documentation, records and accounts and those of their respective agents or Third Parties related to the receipt, deposit and use of Funds and Unspent Funds, and any interest earned thereon, and all other relevant information and documentation requested by AMO or Canada or their respective designated representatives for the purposes of audit, evaluation, and ensuring compliance with this Agreement.

5.5 **Retention of Receipts**. The Recipient will keep proper and accurate accounts and records of all Eligible Projects including invoices and receipts for Eligible Expenditures in accordance with the Recipient's municipal records retention by-law and, upon reasonable notice, make them available to AMO and Canada.

6. **FUNDS**

6.1 **Allocation of Funds**. AMO will allocate and transfer Funds that Canada may make available for Ontario Municipalities to Recipients on a *per capita* basis with allocations made on a 50:50 basis to upper-tier and lower-tier Municipalities, where they exist.

6.2 **Transfer of Funds to a Municipality.** Where a Recipient decides to allocate and transfer Funds to another Municipality (the "Transferee Municipality"):

(a) The allocation and transfer shall be authorized by by-law (a **"Transfer By-law"**). The Transfer By-law shall be passed by the Recipient's council and submitted to AMO as soon thereafter as practicable. The Transfer By-law shall identify the Transferee Municipality and the amount of Funds the Transferee Municipality is to receive for the Municipal Fiscal Year specified in the Transfer By-law.

(b) The Recipient is still required to submit an Annual Report in accordance with Sections 7.1 (a), (c) and (f) hereof with respect to the Funds transferred.

(c) No transfer of Funds pursuant to this Section 6.2 shall be effected unless and until the Transferee Municipality has either (i) entered into an agreement with AMO on substantially the same terms as this Agreement, or (ii) has executed and delivered to AMO a written undertaking to assume all of the Recipient's obligations under this Agreement with respect to the Funds transferred; in a form satisfactory to AMO.

6.3 **Transfer of Funds to a non-municipal entity.** Where a Recipient decides to support an Eligible Project undertaken by an Eligible Recipient that is not a Municipality:

(a) The provision of such support shall be authorized by a by-law (a "Non-municipal Transfer By-law"). The Non-municipal Transfer By-law shall be passed by the Recipient's council and submitted to AMO as soon as practicable thereafter. The Non-municipal Transfer By-law shall identify the Eligible Recipient, and the amount of Funds the Eligible Recipient is to receive for that Eligible Project.

(b) The Recipient shall continue to be bound by all of the provisions of this Agreement notwithstanding any such transfer.

(c) No transfer of Funds pursuant to this Section 6.3 shall be effected unless and until the non-municipal entity receiving the Funds has executed and delivered to AMO a written undertaking to assume all of the Recipient's obligations under this Agreement with respect to the Funds transferred, in a form satisfactory to AMO.

6.4 **Use of Funds**. The Recipient acknowledges and agrees the Funds are intended for and shall be used only for Eligible Expenditures in respect of Eligible Projects.

6.5 **Schedule of payout of Funds**. The Recipient agrees that all Funds are to be transferred by AMO to the Recipient as set out in Schedule A. Subject to Section 6.14, AMO will transfer Funds twice yearly, on or before the dates agreed upon by Canada and AMO, and, more specifically on the basis set out in Schedule A.

6.6 **Use of Funds**. The Recipient will deposit the Funds in a dedicated reserve fund or other separate distinct interest bearing account or invest the Funds through the One Investment Program or any other eligible investment permitted by the Ontario *Municipal Act, 2001* and shall retain the Funds in such reserve fund, account or investment until the Funds are expended or transferred in accordance with this Agreement. The Recipient shall ensure that:

(a) any investment of unexpended Funds will be in accordance with Ontario law and the Recipient's investment policy; and,

(b) any interest earned on Funds will only be applied to Eligible Expenditures for Eligible Projects, more specifically on the basis set out in Schedule B and Schedule C.

6.7 **Funds advanced**. Funds transferred by AMO to the Recipient shall be expended by the Recipient in respect of Eligible Expenditures within five (5) years after the end of the year in which Funds were received. Unexpended Funds shall not be retained beyond such five (5) year period. AMO reserves the right to declare that Unexpended Funds after five (5) years become a debt to Canada which the Recipient will reimburse forthwith on demand to AMO for transmission to Canada.

6.8 **Expenditure of Funds**. The Recipient shall expend all Funds by December 31, 2028.

6.9 **GST & HST**. The use of Funds is based on the net amount of goods and services tax or harmonized sales tax to be paid by the Recipient net of any applicable tax rebates.

6.10 **Limit on Canada's Financial Commitments**. The Recipient may use Funds to pay up to one hundred percent (100%) of Eligible Expenditures of an Eligible Project.

6.11 **Federal Funds.** The Recipient agrees that any Funds received will be treated as federal funds for the purpose of other federal infrastructure programs.

6.12 **Stacking.** If the Recipient is receiving federal funds under other federal infrastructure programs in respect of an Eligible Project to which the Recipient wishes to apply Funds, the maximum federal contribution limitation set out in any other federal infrastructure program agreement made in respect of that Eligible Project shall continue to apply.

6.13 **Withholding Payment**. AMO may withhold payment of Funds where the Recipient is in default of compliance with any provisions of this Agreement.

6.14 **Insufficient funds provided by Canada**. Notwithstanding Section 2.4, if Canada does not provide sufficient funds to continue the Funds for any Municipal Fiscal Year during which this Agreement is in effect, AMO may terminate this Agreement.

7. REPORTING REQUIREMENTS

7.1 **Annual Report**. The Recipient shall report in the form in Schedule D due by March 31st following each Municipal Fiscal Year on:

(a) the amounts received from AMO under this Agreement in respect of the previous Municipal Fiscal Year;

(b) the amounts received from another Municipality;

(c) the amounts transferred to another Municipality;

(d) amounts paid by the Recipient in aggregate for Eligible Projects;

(e) amounts held at year end by the Recipient in aggregate, including interest, to pay for Eligible Projects;

(f) indicate in a narrative the progress that the Recipient has made in meeting its commitments and contributions; and,

(g) a listing of all Eligible Projects that have been funded, indicating the location, investment category, project description, amount of Funds and total project cost.

7.2 **Outcomes Report**. The Recipient shall account in writing for outcomes achieved as a result of the Funds through an Outcomes Report to be submitted to AMO. Specifically the Outcomes Report shall describe, in a manner to be provided by AMO, the degree to which investments in each Eligible Project are supporting progress towards achieving:

(a) beneficial impacts on communities of completed Eligible Projects; and

(b) enhanced impact of Funds as a predictable source of funding.

8. **ASSET MANAGEMENT**

8.1 **Asset Management Plan.** The Recipient will develop and implement an Asset Management Plan prior to December 31, 2016.

8.2 **Outcomes.** On a date and in a manner to be determined by AMO, the Recipient will provide a report to AMO demonstrating that Asset Management Plans are being used to guide infrastructure planning and investment decisions and how Funds are being used to address priority projects.

9. **RECORDS AND AUDIT**

9.1 **Accounting Principles**. All accounting terms not otherwise defined herein have the meanings assigned to them; all calculations will be made and all financial data to be submitted will be prepared in accordance with generally accepted accounting principles (GAAP) in effect in Ontario. GAAP will include, without limitation, those principles approved or recommended for local governments from time to time by the Public Sector Accounting Board or the Canadian Institute of Chartered Accountants or any successor institute, applied on a consistent basis.

9.2 **Separate Records**. The Recipient shall maintain separate records and documentation for the Funds and keep all records including invoices, statements, receipts and vouchers in respect of Funds expended on Eligible Projects in accordance with the Recipient's municipal records retention by-law. Upon reasonable notice, the Recipient shall submit all records and documentation relating to the Funds to AMO and Canada for inspection or audit.

9.3 **External Auditor**. AMO and/or Canada may request, upon written notification, an audit of Eligible Project or an Annual Report. AMO shall retain an external auditor to carry out an audit of the material referred to in Sections 5.4 and 5.5 of this Agreement. AMO shall ensure that any auditor who conducts an audit pursuant to this Section of this Agreement or otherwise, provides a copy of the audit report to the Recipient and Canada at the same time that the audit report is given to AMO.

10. **INSURANCE AND INDEMNITY**

10.1 **Insurance**. The Recipient shall put in effect and maintain in full force and effect or cause to be put into effect and maintained for the term of this Agreement all the necessary insurance with respect to each Eligible Project, including any Eligible Projects with respect to which the Recipient has transferred Funds pursuant to Section 6 of this Agreement, that would be considered appropriate for a prudent Municipality undertaking Eligible Projects, including, where appropriate and without limitation, property, construction and liability insurance, which insurance coverage shall identify Canada and AMO as additional insureds for the purposes of the Eligible Projects.

10.2 **Certificates of Insurance**. Throughout the term of this Agreement, the Recipient shall provide AMO with a valid certificate of insurance that confirms compliance with the requirements of Section 10.1. No Funds shall be expended or transferred pursuant to this Agreement until such certificate has been delivered to AMO.

10.3 **AMO not liable**. In no event shall Canada or AMO be liable for:

(a) any bodily injury, death or property damages to the Recipient, its employees, agents or consultants or for any claim, demand or action by any Third Party against the Recipient, its employees, agents or consultants, arising out of or in any way related to this Agreement; or

(b) any incidental, indirect, special or consequential damages, or any loss of use, revenue or profit to the Recipient, its employees, agents or consultants arising out of any or in any way related to this Agreement.

10.4 **Recipient to Compensate Canada**. The Recipient will ensure that it will not, at any time, hold Canada, its officers, servants, employees or agents responsible for any claims or losses of any kind that the Recipient, Third Parties or any other person or entity may suffer in relation to any matter related to the Funds or an Eligible Project and that the Recipient will, at all times, compensate Canada, its officers, servants, employees and agents for any claims or losses of any kind that any of them may suffer in relation to any matter related to the Funds or an Eligible Project. The Recipient's obligation to compensate as set out in this section does not apply to the extent to which such claims or losses relate to the negligence of an officer, servant, employee, or agent of Canada in the performance of his or her duties.

10.5 **Recipient to Indemnify AMO.** The Recipient hereby agrees to indemnify and hold harmless AMO, its officers, servants, employees or agents (each of which is called an **"Indemnitee"**), from and against all claims, losses, damages, liabilities and related expenses including the fees, charges and disbursements of any counsel for any Indemnitee incurred by any Indemnitee or asserted against any Indemnitee by whomsoever brought or prosecuted in any manner based upon, or occasioned by, any injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from:

(a) the Funds;

(b) the Recipient's Eligible Projects, including the design, construction, operation, maintenance and repair of any part or all of the Eligible Projects;

(c) the performance of this Agreement or the breach of any term or condition of this Agreement by the Recipient, its officers, servants, employees and agents, or by a Third Party, its officers, servants, employees, or agents; and

(d) any omission or other wilful or negligent act of the Recipient or Third Party and their respective officers, servants, employees or agents.

11. TRANSFER AND OPERATION OF MUNICIPAL INFRASTRUCTURE

11.1 **Reinvestment**. The Recipient will invest into Eligible Projects, any revenue that is generated from the sale, lease, encumbrance or other disposal of an asset resulting from an Eligible Project where such disposal takes place within five (5) years of the date of completion of the Eligible Project.

11.2 **Notice.** The Recipient shall notify AMO in writing 120 days in advance and at any time during the five (5) years following the date of completion of an Eligible Project if it is sold, leased, encumbered or otherwise disposed of.

11.3 **Public Use.** The Recipient will ensure that Infrastructure resulting from any Eligible Project that is not sold, leased, encumbered or otherwise disposed of, remains primarily for public use or benefit.

12. DEFAULT AND TERMINATION

12.1 **Event of Default**. AMO may declare in writing that an event of default has occurred when the Recipient has not complied with any condition, undertaking or term in this Agreement. AMO will not declare in writing that an event of default has occurred unless it has first consulted with the Recipient. Each and every one of the following events is an "Event of Default":

(a) failure by the Recipient to deliver in a timely manner an Annual Report or Outcomes Report.

(b) delivery of an Annual Report that discloses non-compliance with any condition, undertaking or material term in this Agreement.

(c) failure by the Recipient to co-operate in an external audit undertaken by AMO or its agents.

(d) delivery of an external audit report that discloses non-compliance with any condition, undertaking or term in this Agreement.

(e) failure by the Recipient to expend Funds in accordance with Section 6.7.

12.2 **Waiver**. AMO may withdraw its notice of an Event of Default if the Recipient, within thirty (30) calendar days of receipt of the notice, either corrects the default or demonstrates, to the satisfaction of AMO in its sole discretion that it has taken such steps as are necessary to correct the default.

12.3 **Remedies on default**. If AMO declares that an Event of Default has occurred under Section 12.1, after thirty (30) calendar days from the Recipient's receipt of the notice of an Event of Default, it may immediately terminate or suspend its obligation to pay the Funds. If AMO suspends payment, it may pay suspended Funds if AMO is satisfied that the default has been cured.

12.4 **Repayment of Funds.** If AMO declares that an Event of Default has not been cured to its satisfaction, AMO reserves the right to declare that prior payments of Funds become a debt to Canada which the Recipient will reimburse forthwith on demand to AMO for transmission to Canada**.**

13. CONFLICT OF INTEREST

13.1 **No conflict of interest.** The Recipient will ensure that no current member of the AMO Board of Directors and no current or former public servant or office holder to whom any post-employment, ethics and conflict of interest legislation, guidelines, codes or policies of Canada applies will derive direct benefit from the Funds, the Unspent Funds, and interest earned thereon, unless the provision of receipt of such benefits is in compliance with such legislation, guidelines, policies or codes.

14. NOTICE

14.1 **Notice.** Any notice, information or document provided for under this Agreement will be effectively given if in writing and if delivered by hand, or overnight courier, mailed, postage or other charges prepaid, or sent by facsimile or email to the addresses, the facsimile numbers or email addresses set out in Section 14.3. Any notice that is sent by hand or overnight courier service shall be deemed to have been given when received; any notice mailed shall be deemed to have been received on the eighth (8) calendar day following the day on which it was mailed; any notice sent by facsimile shall be deemed to have been given when sent; any notice sent by email shall be deemed to have been received on the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgment), provided that in the case of a notice sent by facsimile or email, if it is not given on a business day before 4:30 p.m. Eastern Standard Time, it shall be deemed to have been given at 8:30 a.m. on the next business day for the recipient.

14.2 **Representatives**. The individuals identified in Section 14.3 of this Agreement, in the first instance, act as AMO's or the Recipient's, as the case may be, representative for the purpose of implementing this Agreement.

14.3 **Addresses for Notice**. Further to Section 14.1 of this Agreement, notice can be given at the following addresses:

(a) If to AMO:

Executive Director
Federal Gas Tax Fund Agreement
Association of Municipalities of Ontario
200 University Avenue, Suite 801
Toronto, ON M5H 3C6

Telephone: 416-971-9856
Facsimile: 416-971-6191

Email: gastax@amo.on.ca

(b) If to the Recipient:

Sandra Clancy
Treasurer / Director of Corporate Services
City of Peterborough
City Hall, 500 George St. N.,
Peterborough, ON K9H 3R9
Telephone: (705) 742-7771
Facsimile: (705) 742-4138
Email: sclancy@peterborough.ca

15. MISCELLANEOUS

15.1 **Counterpart Signature**. This Agreement may be signed in counterpart, and the signed copies will, when attached, constitute an original Agreement.

15.2 **Severability**. If for any reason a provision of this Agreement that is not a fundamental term is found to be or becomes invalid or unenforceable, in whole or in part, it will be deemed to be severable and will be deleted from this Agreement, but all the other terms and conditions of this Agreement will continue to be valid and enforceable.

15.3 **Waiver**. AMO may waive any right in this Agreement only in writing, and any tolerance or indulgence demonstrated by AMO will not constitute waiver of rights in this Agreement. Unless a waiver is executed in writing, AMO will be entitled to seek any remedy that it may have under this Agreement or under the law.

15.4 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in Ontario.

15.5 **Survival.** The Recipient agrees that the following sections and provisions of this Agreement shall extend for seven (7) years beyond the expiration or termination of this Agreement: Sections 5, 6.7, 6.8, 7, 10.4, 10.5, 11, 12.4 and 15.8.

15.6 **AMO, Canada and Recipient independent**. The Recipient will ensure its actions do not establish or will not be deemed to establish a partnership, joint venture, principal-agent relationship or employer-employee relationship in any way or for any purpose whatsoever between Canada and the Recipient, between AMO and the Recipient, between Canada and a Third Party or between AMO and a Third Party.

15.7 **No Authority to Represent**. The Recipient will ensure that it does not represent itself, including in any agreement with a Third Party, as a partner, employee or agent of Canada or AMO.

15.8 **Debts Due to AMO.** Any amount owed under this Agreement will constitute a debt due to AMO, which the Recipient will reimburse forthwith, on demand, to AMO.

15.9 **Priority**. In the event of a conflict, the part of this Agreement that precedes the signature of the Parties will take precedence over the Schedules.

16. **SCHEDULES**

16.1 This Agreement, including:

Schedule A	Schedule of Fund Payments
Schedule B	Eligible Project Categories
Schedule C	Eligible and Ineligible Expenditures
Schedule D	Reporting
Schedule E	Communications

constitute the entire agreement between the Parties with respect to the subject matter contained in this Agreement and supersedes all prior oral or written representations and agreements.

17. **SIGNATURES**

IN WITNESS WHEREOF, AMO and the Recipient have respectively executed, sealed and delivered this Agreement on the date set out on the front page.

RECIPIENT'S NAME: **CITY OF PETERBOROUGH**

By: _________________________ _________________________
Name: Date
Title:

Affix
Corporate
Seal

_________________________ _________________________
Name: Date
Title:

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO

Affix
Corporate
Seal

By: ______________________________ ______________________________
Title: Executive Director Date

In the presence of:

______________________________ ______________________________
Witness: Date
Title:

SCHEDULE A

SCHEDULE OF FUND PAYMENTS

RECIPIENT'S NAME: CITY OF PETERBOROUGH

The following represents an estimate of the Funds and schedule of payments for the first five (5) years of the Agreement.

Year	Schedule of Fund Payments	
	Payment #1	Payment #2
2014	$2,278,733.16	$2,278,733.15
2015	$2,278,733.16	$2,278,733.15
2016	$2,392,669.81	$2,392,669.81
2017	$2,392,669.81	$2,392,669.81
2018	$2,506,606.47	$2,506,606.46

An estimate of the Funds and schedule of payments for the latter five (5) years of the Agreement (2019-2023) will be provided following the review and amendment procedures specified in Section 2.2 and 2.3.

SCHEDULE B

ELIGIBLE PROJECT CATEGORIES

Eligible Projects include investments in Infrastructure for its construction, renewal or material enhancement in each of the following categories:

1. Local roads and bridges – i.e. roads, bridges, tunnels, highways and active transportation infrastructure (active transportation refers to investments that support active methods of travel. This can include: cycling lanes and paths, sidewalks, hiking and walking trails).

2. Public transit – i.e. a shared passenger transport system which is available for public use.

3. Drinking Water – i.e. drinking water conservation, collection, treatment and distribution systems.

4. Wastewater – i.e. wastewater and storm water collection, treatment and management systems.

5. Solid waste – i.e. solid waste management systems including the collection, diversion and disposal of recyclables, compostable materials and garbage.

6. Community energy systems – i.e. infrastructure that generates or increases the efficient usage of energy.

7. Capacity building - i.e. investments related to strengthening the ability of Municipalities to develop long-term planning practices.

8. Short-sea shipping – i.e. infrastructure related to the movement of cargo and passengers around the coast and on inland waterways, without directly crossing an ocean.

9. Short-line rail – i.e. railway related infrastructure for carriage of passengers or freight.

10. Regional and local airports – i.e. airport-related infrastructure (excludes the National Airport System).

11. Broadband connectivity – i.e. infrastructure that provides internet access to residents, businesses, and/or institutions in Canadian communities.

12. Brownfield Redevelopment i.e. remediation or decontamination and redevelopment of a brownfield site within municipal boundaries, where the redevelopment includes:

    (a) the construction of public infrastructure as identified in the context of any other eligible category referred to in this Schedule, and/or;

    (b) the construction of municipal use public parks and publicly-owned social housing.

13. Sport Infrastructure – i.e. amateur sport infrastructure (excludes facilities, including arenas, which would be used as the home of professional sports teams or major junior hockey teams (e.g. Junior A)).

14. Recreational Infrastructure - i.e. recreational facilities or networks.

15. Cultural Infrastructure – i.e. infrastructure that supports arts, humanities, and heritage.

16. Tourism Infrastructure – i.e. infrastructure that attracts travelers for recreation, leisure, business or other purposes.

17. Disaster mitigation – i.e. infrastructure that reduces or eliminates long-term impacts and risks associated with natural disasters.

Note: Investments in health infrastructure (hospitals, convalescent and senior centres) are not eligible.

SCHEDULE C

ELIGIBLE AND INELIGIBLE EXPENDITURES

1. **Eligible Expenditures**

1.1 **Eligible Expenditures of Recipients** will be limited to the following:

(a) the expenditures associated with acquiring, planning, designing, constructing or renovating a tangible capital asset, as defined by Generally Accepted Accounting Principles (GAAP), and any related debt financing charges specifically identified with that asset;

(b) for capacity building category only, the expenditures related to strengthening the ability of Municipalities to improve local and regional planning including capital investment plans, integrated community sustainability plans, life-cycle cost assessments, and Asset Management Plans. The expenditures could include developing and implementing:

(i) studies, strategies, or systems related to asset management, which may include software acquisition and implementation;

(ii) training directly related to asset management planning; and,

(iii) long-term infrastructure plans.

(c) the expenditures directly associated with joint federal communication activities and with federal project signage.

1.2 **Employee and Equipment Costs**: The incremental costs of the Recipient's employees or leasing of equipment may be included as Eligible Expenditures under the following conditions:

(a) the Recipient is able to demonstrate that it is not economically feasible to tender a contract;

(b) the employee or equipment is engaged directly in respect of the work that would have been the subject of the contract; and

(c) the arrangement is approved in advance and in writing by the Oversight Committee.

1.3 **AMO as Agreement Administrator**: Up to 0.5% of the total funds will used by AMO to undertake the administrative responsibilities to implement the Agreement and to undertake related capacity building and program delivery including expenditures associated with communication activities such as public project announcements and signage. Canada will review and accept AMO's detailed business case submitted in accordance with the Canada-Ontario-AMO-Toronto Agreement prior to undertaking the administrative and related activities.

2. Ineligible Expenditures

The following are deemed Ineligible Expenditures:

(a) project expenditures incurred before April 1, 2005;

(b) project expenditures incurred before April 1, 2014 for the following Eligible Project categories:

   (i) regional and local airports;

   (ii) short-line rail;

   (iii) short-sea shipping;

   (iv) disaster mitigation;

   (v) broadband connectivity;

   (vi) brownfield redevelopment;

   (vii) cultural infrastructure;

   (viii) tourism infrastructure;

   (ix) sport infrastructure; and

   (x) recreational infrastructure.

(c) the cost of leasing of equipment by the Recipient, any overhead costs, including salaries and other employment benefits of any employees of the Recipient, its direct or indirect operating or administrative costs of Recipients, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with Eligible Expenditures above;

(d) taxes for which the Recipient is eligible for a tax rebate and all other costs eligible for rebates;

(e) purchase of land or any interest therein, and related costs;

(f) legal fees; and

(g) routine repair and maintenance costs.

SCHEDULE D

REPORTING

1. **Annual Report**

By March 31st of each year, the Recipient will provide to AMO an Annual Report in an electronic format deemed acceptable to AMO, consisting of the following:

(a) Financial Reporting Table: The financial report table will be submitted in accordance with the following template:

Annual Report Financial Table	Annual	Cumulative
	20xx	2014 - 20xx
Opening Balance[1]	$xxx	
Received from AMO	$xxx	$xxx
Interest Earned	$xxx	$xxx
Received from a Municipality	$xxx	$xxx
Transferred to a Municipality	($xxx)	($xxx)
Spent on Eligible Projects (for each Eligible Project category)	($xxx)	($xxx)
Closing Balance of unspent funds	$xxx	

(b) Project List: The Recipient will provide to AMO a project list submitted in accordance with the following template:

Recipient	**Project Title**	**Project Description**	**Eligible Project category**	**Total Project Cost**	**Funds (GTF) Spent**	**Completed**
						(Yes/No/Ongoing)
						(Yes/No/Ongoing)
						(Yes/No/Ongoing)
						(Yes/No/Ongoing)

[1]For the 2014 *Annual Report* this means the amount reported as unspent by the *Recipient* at December 31, 2013 as reported in the 2013 *Annual Expenditure Report* (as defined under the First Agreement).

2. **Project Outcomes**.

The Outcomes Report shall outline, in a manner to be provided by AMO, the degree to which investments in each project are supporting progress towards achieving:

(a) Beneficial impacts on communities of completed Eligible Projects; and

(b) Enhanced impact of Funds as a predictable source of funding.

3. **Asset Management Outcomes.**

On a date and in a manner to be determined by AMO, the Recipient will provide a report to AMO demonstrating that Asset Management Plans are being used to guide infrastructure planning and investment decisions and how Funds are being used to address priority projects.

SCHEDULE E

COMMUNICATIONS PROTOCOL

1. **Purpose.** The provisions of this Communications Protocol apply to all communications activities related to any Funds and Eligible Projects. Communications activities may include, but are not limited to, public or media events, news releases, reports, web articles, blogs, project signs, digital signs, publications, success stories and vignettes, photo compilations, videos, advertising campaigns, awareness campaigns, editorials, award programs, and multi-media products.

2. **Information Sharing**. The Recipient agrees to provide AMO with upfront information on planned Eligible Projects and Eligible Projects in progress on an annual basis, in an electronic format deemed acceptable by AMO, by March 31. Information will include, at a minimum: Eligible Project name, Eligible Category, Eligible Project description, total budgeted federal contribution (gas tax) and anticipated start date.

3. **Project Signage**

3.1 The Recipient may have a sign recognizing its contribution to Eligible Projects.

3.2 At Canada's request, the Recipient will install a federal sign to recognize federal funding at Eligible Project site(s). Federal sign design, content and installation guidelines will be provided by Canada.

3.3 Where the Recipient decides to install a permanent plaque or other suitable marker with respect to an Eligible Project, it must recognize the federal contribution to the Eligible Project and be approved by Canada.

3.4 The Recipient is responsible for the production and installation of Eligible Project signage, or as otherwise agreed upon.

3.5 The Recipient agrees to inform AMO of signage installations, in a manner determined by AMO.

4. **Media Events and Announcements for Eligible Projects**

4.1 The Recipient agrees to have regular announcements of Eligible Projects that are benefitting from the Funds that may be provided by Canada. Key milestones may be marked by public events, news releases and/or other mechanisms.

4.2 Media events and announcements include, but are not limited to, news conferences, public announcements, official events or ceremonies, and news releases.

4.3 Canada, AMO or the Recipient, may request a media event or announcement.

4.4 Media events and announcements related to Eligible Projects will not occur without the prior knowledge and agreement of AMO, Canada and the Recipient. AMO as administrator will ensure prior knowledge and agreement of other signatories to the Canada-Ontario-AMO-Toronto Agreement.

4.5 Canada, AMO or the Recipient in requesting a media event or an announcement will provide at least 21 working days' notice to the Parties of their intention to undertake such an event. The event will take place at a date and location that is mutually agreed to by the Recipient, AMO and Canada. The AMO, Canada and the Recipient will have the opportunity to participate in such events through a designated representative. Each participant will choose its designated representative.

4.6 The conduct of all joint media events, announcements and products will follow the Table of Precedence for Canada as outlined at the current Government of Canada website.

4.7 All joint communications material related to media events and announcements must be approved by Canada and recognize the funding of all contributors.

4.8 All joint communications material must reflect Canada's policy on official languages and the federal identity program.

5. **Program Communications**

5.1 The Recipient may include messaging in its own communications products and activities with regards to the use of Funds.

5.2 When undertaking such activities, the Recipient will provide the opportunity for AMO and Canada to participate and will recognize the funding of all contributors.

5.3 Canada and AMO agree that they will not unreasonably restrict the Recipient from: (i) using, for its own purposes, public communications products related to the Funds prepared by Canada or AMO (**"Communication Products"**) or, (ii) linking to web-based Communication Products.

5.4 Notwithstanding Section 4 of Schedule E, Canada retains the right to meet its obligations to communicate information to Canadians about the use of Funds through communications products and activities.

6. **Operational Communications**

6.1 The Recipient is solely responsible for operational communications with respect to the Eligible Projects, including but not limited to, calls for tender, construction and public safety notices. Operational communications as described above are not subject to the federal official languages policy.

6.2 The Recipient will share information promptly with Canada and AMO should significant emerging media or stakeholder issues relating to an Eligible Project arise. AMO will advise Recipients, when appropriate, about media inquiries received by it concerning an Eligible Project and, when appropriate, other signatories to the Canada-Ontario-AMO-Toronto Agreement will advise the Recipient about media inquiries, concerning an Eligible Project.

7. **Communicating Success Stories.** The Recipient agrees to communicate with Canada and AMO for the purposes of collaborating on communications activities and produces

including but not limited to Eligible Project success stories, Eligible Project vignettes, and Eligible Project start-to-finish features.

8. **Advertising Campaigns.** Recognizing that advertising can be an effective means of communication with the public, the Recipient may, at its own cost, organize an advertising or public information campaign related to the use of the Funds or the Eligible Projects. However such a campaign must respect the provisions of this Agreement. In the event of such a campaign, the Recipient agrees to inform Canada and AMO of its intention, and to inform them no less than 21 working days prior to the campaign launch.

Appendix B

Association of Municipalities Ontario

Guide to the Municipal Funding Agreement for the transfer of Federal Gas Tax Funds

April 2014

Administered by:

Association of Municipalities of Ontario

200 University Avenue, Suite 801
Toronto ON M5H 3C6
Phone: 416-971-9856
Toll Free: 1-877-426-6527
Fax: 416-971-6191
Email: gastax@amo.on.ca

www.gastaxatwork.ca
www.amo.on.ca

@GasTaxInOntario

Note: Please read both the Municipal Funding Agreement and this Guide.

Please have the appropriate signing officers execute the Agreement and submit electronically to AMO at gastax@amo.on.ca.

Table of Contents

Introduction

The federal Gas Tax Fund (GTF) is the only permanent, stable and predictable source of funding for municipal infrastructure. Canada, Ontario, the Association of Municipalities of Ontario (AMO) and Toronto extended the GTF to 2023 by signing the Administrative Agreement for the transfer of the federal Gas Tax Fund which took effect on April 1, 2014.

The new Agreement will provide $3.8 billion to Ontario's municipalities between 2014 and 2018. AMO is pleased to be able to continue administering the GTF on behalf of the Government of Canada.

The GTF provides Ontario's municipalities with a per-capita allocation each and every year, without the need for an application or matching funding. It empowers municipalities to make investment decisions within the program's parameters.

How is this new Agreement different than the one we have now?

Canada has introduced changes in the Agreement that will benefit municipalities. A chart comparing the old and new Agreements is in Appendix A.

At a high level, changes include:

- Permanency: The GTF is now permanent in federal legislation. The Municipal Funding Agreement (MFA) is now 10 years.
- New categories of infrastructure: Municipalities can now invest in 17 eligible categories.
- More flexibility: Category restrictions have been removed. Municipalities can "bank" or carry over funding for up to five years. Outcomes are now focused on community benefits and not just environmental outputs.
- Allocations: Allocations for 2014-2018 are based on population data from the 2011 Census. Allocations for 2019-2023 will be based on the 2016 Census.
- Partial indexation: Municipal allocations will increase in 2016 and in 2018. This is because the GTF will grow nationally at 2% per year in $100 million increments.
- Streamlined administration: The GTF model has proven to be transparent and accountable. Municipalities now have less reporting and audit requirements.
- Communications: More emphasis has been placed on communications. For planning purposes, municipalities will have to load new/planned projects into the online system ahead of time.
- Ineligible expenses: Municipal administration costs are ineligible. Health care infrastructure such as public health facilities and long-term care homes are also ineligible. Leasing of equipment (including for construction) is an 'own source' expense and will need prior approval.

What types of infrastructure are eligible?

As of April 1, 2014, municipal infrastructure projects may fall within the following 17 categories: local roads and bridges (including active transportation), short-sea shipping, short-line rail, regional and local airports, broadband connectivity, public transit, drinking water, wastewater, solid waste, community energy systems, brownfield redevelopment, sport, recreation, culture, tourism, disaster mitigation and capacity building.

For costs incurred before April 1, 2014, municipalities are restricted to seven eligible categories: local roads and bridges, public transit, water, wastewater, solid waste, community energy systems and capacity building.

Note that Schedule B of the Municipal Funding Agreement only provides examples of eligible projects.

Municipalities must clearly demonstrate that projects are prioritized based on an Asset Management framework, and that total Gas Tax funding is incremental.

What is incrementality?

As we all know there is a significant need for infrastructure investments in Ontario's municipalities. As a result, municipalities are agreeing not to displace their own capital investments or use the Gas Tax to reduce municipal taxes. Gas Tax must result in increased investment in municipal infrastructure equal to the amount received.

AMO will demonstrate incrementality on an aggregate basis for all municipalities in Ontario. Using the Financial Information Returns, AMO will calculate the base amount, (i.e., the total municipally funded capital spending on municipal infrastructure) for the January 1, 2000 to December 31, 2004 period, and ensure that the base amount is maintained over the life of the new GTF Agreement (2014-2023).

In order for AMO to meet this goal, each municipality will also have to make sure their investments meet their own base amount. In other words, municipalities will have to make sure that infrastructure investments from 2014-2023 are greater, on average, than in 2000-2004 (inclusive). This can be calculated on an average basis each year to ensure compliance.

How do allocations and payments work?

Allocations for 2014-2018 are based on population data from the 2011 Census. Allocations for 2019-2023 will be based on the 2016 Census.

Municipalities receive two equal payments a year, depending on when the federal government transfers funds to AMO. Typically, this occurs in July and November however it can change from year to year.

To receive payment, municipalities must be in compliance with the agreement and must complete reporting in a timely manner.

You can receive Gas Tax Funds via Electronic Funds Transfer (EFT), Cheque, or AMO can invest them on your behalf in the One Investment Program.

What is the One Investment Program and why should I invest Gas Tax Funds?

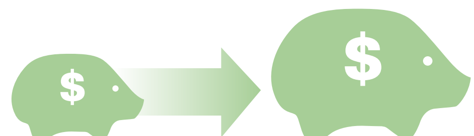
The One Investment Program is a co-investment program jointly operated by LAS and CHUMS (subsidiaries of AMO and the Municipal Finance Officers Association of Ontario, respectively). The Program is designed specifically to maximize investment returns for municipalities while meeting the regulations outlined in the *Municipal Act, 2001*.

Under the new Agreement, Gas Tax Funds can be carried over for up to five years. Using the expertise of the One Investment Program, AMO has developed a set of five investment options (1-5 years) that provide municipalities the opportunity to earn interest and grow investments so that there is more money to allocate to infrastructure projects in the future.

When it's time for a Gas Tax payment, you can decide to receive the money as usual or automatically invest it in the One Investment Program for a one, two, three, four or five year term.

Investments will be locked-in to guarantee an optimal mix of investments that will create competitive returns and mitigate risk.

Taking advantage of the One Investment Program provides access to professional portfolio management and municipal oversight.



It can take us all further. Together.

For more information visit: www.amo.on.ca/invest.

How do I sign up to automatically invest my Gas Tax Funds in the One Investment Program?

Step 1: When you execute your new Gas Tax Municipal Funding Agreement, include the One Investment Program clauses in your by-law. A template is provided in Appendix B.

Need a sample investment policy? Visit www.amo.on.ca/invest

Step 2: Add the One Investment Program to your municipality's investment policy to allow for investment in fixed income and bond instruments.

Step 3: Submit a Treasurer's Authorization form to enable AMO to act as the municipality's delegate for this investment. A template is provided in Appendix C.

By completing these three steps, your municipality will have the opportunity to invest Gas Tax Funds directly into the One Investment Program with AMO acting as your investment delegate. The three step process does not bind or force you to invest – it simply provides the option to easily invest any Gas Tax payments if you wish to do so.

Once you have opted-in, your municipality will be able to automatically invest Gas Tax Funds into the One Investment Program at the time of a Gas Tax payment (usually in July and November). You choose the investment horizon and the amount of time that your money is locked in. Upon investment maturity, you can re-invest these funds or you can ask AMO to transfer funds to you (much like a Gas Tax payment).

How has reporting and administration been streamlined?

The two big changes are:

- **No Schedule Cs:** Municipalities no longer have to submit Schedule Cs when investing in local roads and bridges.
- **No annual audits or Treasurer's Certificates:** Municipalities no longer have to complete an annual audit or submit a Treasurer's Certificate. Instead, AMO will increase its random audits of municipalities.

Both of these will reduce staff time and direct costs of administering the Agreement.

How will the new audit framework work?

Municipalities will not have to complete audits. Instead the program has moved to a risk based approach that recognizes municipalities as a mature and accountable order of government. As a result, municipalities will save more money that can be invested in infrastructure.

Under this approach, municipalities will see three changes:

1) Municipalities will have to fill out a risk assessment survey during their 2014 reporting. This one-time requirement will help AMO determine the policies and procedures in place within municipalities to ensure compliance.

   The information will help AMO develop a risk management framework that will guide our random audits.

2) To mitigate risk, the Gas Tax Contact designation (the person that we communicate within the municipality about the Gas Tax Fund) will default to the Treasurer, no exceptions.

3) More municipalities will be randomly audited by AMO. Approximately 10% of municipalities will be audited by AMO's auditors each year.

AMO will work with municipalities to develop the risk based approach in 2014, and details will be provided as they become available.

What is required of municipalities?

There are a number of requirements both now and over the life of the Agreement. This includes annual reporting, outcomes reporting, a new communications protocol, and demonstrating progress on Asset Management. A checklist is provided at the end of this Guide for ease of reference.

The first requirement is a signed Municipal Funding Agreement (MFA) with AMO. Please have the appropriate signing officers sign a copy of the MFA. Submit this with the by-law authorizing the corporation to enter into the MFA, electronically to AMO at gastax@amo.on.ca. See Appendix B for a sample by-law.

Appendix D cross-references the MFA with the Canada-Ontario-AMO-Toronto Agreement.

Why is Asset Management a part of this Agreement?

Canada has stated that municipalities will have to show progress and outcomes of Asset Management planning over the life of the new Agreement. This requirement was harmonized with the work already underway in Ontario's municipalities.

This ensures that municipalities can build on the work to date and that they are not overburdened with new requirements.

Effective Asset Management ensures that councils have the best available information to make infrastructure and financing decisions.

Do I still have to report on outcomes?

Yes, however the program has been broadened to focus on community benefits and not just environmental outcomes.

On a project level, environmental indicators are no longer applicable. Instead, municipalities will now report on:

a) Beneficial impacts on communities of completed Eligible Projects, and

b) Enhanced impact of the GTF as a predictable source of funding, including incrementality.

On a broader note, municipalities will also have to demonstrate that Asset Management Plans are being used to guide infrastructure planning and investment decisions, and how GTF is being used to address priority projects.

More details are in Schedule D of the MFA.

In 2014, AMO will work with key municipal staff associations and the Oversight Committee to develop outcome and output indicators to fulfill these objectives.

AMO will also be collecting information on Asset Management to demonstrate that municipalities have met the Fund's requirements.

What does the new Communications Protocol mean for me?

There is an increased focus on communications. Municipalities need to share more stories on how the Fund is helping to improve their communities.

To help this occur, there are two big changes:

- Advanced project notification: Municipalities now have to notify AMO and Canada about new/planned GTF projects ahead of time.
- Construction Signage: Municipalities have to report on construction signage installations.

New/planned projects have to be loaded into the online reporting system by March 31st of each year. This allows municipalities to input new projects into the system at the same time as they report on last year's projects and spending.

Construction signage reporting is required in an ongoing manner. Permanent signage is no longer a requirement.

The information will help improve communications planning and increase visibility of the Fund. More details are in Schedule E of the MFA .

What types of expenditures are eligible?

Eligible Expenditures

Eligible Expenditures of Municipalities will be limited to the following:

a) the expenditures associated with acquiring, planning, designing, constructing or renovating a tangible capital asset, as defined by Generally Accepted Accounting Principles (GAAP), and any related debt financing charges specifically identified with that asset;

b) for the capacity building category only, the expenditures related to strengthening the ability of Municipalities to improve local and regional planning including capital investment plans, integrated community sustainability plans, life-cycle cost assessments, and Asset Management Plans. The expenditures could include developing and implementing:

   i. studies, strategies, or systems related to asset management, which may include software acquisition and implementation;

   ii. training directly related to asset management planning; and,

   iii. long-term infrastructure plans.

c) the expenditures directly associated with joint federal communication activities and with federal project signage.

Employee and Equipment Costs: The incremental costs of the Municipality's employees or leasing of equipment may be included as Eligible Expenditures under the following conditions:

a) the Municipality is able to demonstrate that it is not economically feasible to tender a contract;

b) the employee or equipment is engaged directly in respect of the work that would have been the subject of the contract; and

c) the arrangement is approved in advance and in writing by the Oversight Committee.

Ineligible Expenditures

a) project expenditures incurred before April 1, 2005;

b) project expenditures incurred before April 1, 2014 for the following investment categories:

   i. regional and local airports;
   ii. short-line rail;
   iii. short-sea shipping;
   iv. disaster mitigation;
   v. broadband connectivity;
   vi. brownfield redevelopment;
   vii. cultural infrastructure;
   viii. tourism infrastructure;
   ix. sport infrastructure; and
   x. recreational infrastructure.

c) the cost of leasing of equipment by the Municipality, any Municipal overhead costs, including salaries and other employment benefits of any employees, its direct or indirect operating or administrative costs, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with Eligible Expenditures above;

d) taxes for which the Municipality is eligible for a tax rebate and all other costs eligible for rebates;

e) purchase of land or any interest therein, and related costs;

f) legal fees; and

g) routine repair and maintenance costs.

When does the money have to be spent?

Municipalities now have up to five years after the year the money was received to spend the funds on an eligible municipal infrastructure project.

During this time, municipalities can invest Funds so that they have more for infrastructure later. Learn more at www.amo.on.ca/invest.

What about the municipal share of a project that will receive funding from other federal grant programs?

Municipalities can continue to fund 100% of total project costs with GTF dollars. The GTF is considered federal funds when it comes to other funding programs. In other words, if other federal infrastructure programs have restrictions on the use of federal funds, they must be adhered to.

If you are using multiple sources of federal funding, the project also has to be eligible under the terms and conditions of these multiple programs.

What if our municipality wants to partner with another entity on a project?

The GTF Agreement encourages collaboration, building of partnerships and strategic alliances when working on eligible projects.

If a municipality is transferring funds to another municipality, it must be done via by-law. The municipality transferring funds is responsible for reporting on the transfer in annual reporting. The municipality receiving Gas Tax Funds is responsible for reporting that the Funds were received and is responsible for all other reporting requirements, including project details and spending.

If a municipality is transferring funds to a non-municipal entity, such as a not-for-profit, council will have to endorse the project via by-law. Under this situation, municipalities are still responsible for meeting all the requirements of the Agreement related to the use of the transferred Gas Tax Funds, including all reporting.

Can we sell the asset?

Assets purchased or constructed using Gas Tax Funds must be for public use and benefit. If a municipality wishes to dispose of the asset within five years the funds will have to be reinvested in another eligible infrastructure project. This must be reported to AMO.

What is the Oversight Committee?

This is the committee of representatives from Canada, Ontario, AMO and Toronto tasked with administering the terms and conditions of the GTF Agreement.

Contact Us

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Municipal Checklist

Immediate Action	When
Pass Municipal By-Law authorizing MFA	As soon as possible
Sign MFA and electronically submit to AMO (gastax@amo.on.ca) along with: • Authorizing By-law • Treasurer's Authorization (if applicable, see below)	As soon as possible
Sign and return Treasurer's Authorization	As soon as possible if opting in to the One Investment Program initiative
Update Investment Policy	As soon as possible if opting in to the One Investment Program initiative

Longer Term Action	When
Advanced project notification for communications purposes	March 31st of every year
Annual Report & Project Outcomes Reports	March 31st of every year
Construction signage reporting	Ongoing
Submit banking confirmation form (outlines how funds will be transferred or invested)	Typically May & September
Receipt/automatic investment of federal Gas Tax Fund Payments	Typically July & November
Complete Asset Management Plans	December 31, 2016
Asset Management Outcomes Reports (The Oversight Committee will be providing guidance on aspects of this activity in 2014)	TBD

Appendix A

Changes to the Municipal Funding Agreement (MFA)

	Old MFA	New MFA
Eligible Categories	7 Categories	17 Categories Health infrastructure, such as long-term care homes, are not eligible (including energy retrofits to these facilities).
Allocation	2006 Census	2011 Census Partial indexation means allocations will grow in 2016 and then again in 2018.
Banking Limit	3 years	5 years
Eligible Costs	Municipal employees and equipment only eligible with prior approval of oversight committee. A municipality must have been "remote."	Municipal employees and equipment only eligible with prior approval of Oversight Committee. "Remote" is no longer a condition. Cost of leasing equipment is now an 'own source' expense and will need prior approval. Municipal administration costs, such as staff time to file annual reporting, are no longer eligible.
Gas Tax Contact	Any designated member of staff in a municipality	Must be the Treasurer
Reporting	Schedule C Annual Report Outcomes Reports	Annual Report Outcomes Report Advanced notification of projects for communications purposes.
Audit	Audit or Treasurer's Certificate required on an annual basis.	No municipal audit or Treasurer's Certificate required.
Communications	Construction Signage Permanent Signage Events & News Releases	Construction Signage Events & News Releases Advanced project notification

Appendix B

Sample Municipal By-Law

WHEREAS the Municipality wishes to enter into an Agreement in order to participate in the federal Gas Tax Fund;

AND WHEREAS the Municipality acknowledges that Funds received through the Agreement may be invested in an interest bearing reserve account for a maximum of five (5) years;

AND WHEREAS section 23.1 of the *Municipal Act, 2001* authorizes a municipality to delegate its powers and duties under the *Municipal Act, 2001*, including those related to investments;

AND WHEREAS the One Investment Program provides Ontario municipalities an opportunity for competitive investment returns and diversification of investments,

AND WHEREAS the Association of Municipalities of Ontario has worked with the One Investment Program to develop specific investment options for a municipality's Gas Tax Funds,

AND WHEREAS the Treasurer confirms that the One Investment Program complies with the Corporation's investment policies and goals;

Now THEREFORE, the Council of the [MUNICIPAL NAME], a municipal corporation pursuant to the *Municipal Act, 2001.*

ENACTS AS FOLLOWS

The Mayor/Reeve/Regional Chair/Warden and [SIGNING AUTHORITY, i.e. Clerk] are hereby authorized to execute this Municipal Funding Agreement for the transfer of federal Gas Tax Funds between the Association of Municipalities of Ontario and [MUNICIPAL NAME] as in Schedule A attached hereto.

And that the Corporation authorizes the appointment of the Association of Municipalities of Ontario, as the Municipality's delegate for the investment of the municipality's Gas Tax Funds in the specific Gas Tax investment options offered through the One Investment Program.

Schedule A shall form part of this by-law.

Appendix C

Treasurer's Authorization Template for the One Investment Program

To: The One Investment Program
c/o Local Authority Services and Chums Financing Corp.

I, ______________________________, Treasurer of ____,
a corporation pursuant to the *Municipal Act, 2001* ("the Municipality")

CERTIFIES THAT:

1) Council has passed By-law Number ___________ (the "By-law"), dated ____________________, 20___, related to the execution of the Municipal Funding Agreement for the transfer of federal Gas Tax Funds ("the Agreement"). No application has been made, or action brought to quash, set aside or revoke the By-law, or to have the By-law declared invalid, nor has the By-law been in any way repealed, altered or amended. The By-law is now enforceable and is in full force and effect.
2) The By-law authorizes the Association of Municipalities of Ontario ("AMO") to act as the Municipality's delegate for the investment of Gas Tax Funds ("Funds") pursuant to the Agreement.
3) I am authorized to provide instructions to AMO related to the investment of Funds into the specific Gas Tax investment options available to the Municipality through the One Investment Program.
4) AMO is authorized to execute an Agency Agreement with LAS and CHUMS as operators of the One Investment Program, as the municipality's delegate, and to set up investment account(s) for the investment of the Municipality's Funds.
5) AMO may deliver instructions in respect of day-to-day matters related to the Municipality's investment account(s) related to the Funds.
6) I confirm that the One Investment Program complies with the Corporation's investment policies and goals
7) This authorization shall remain in force and be binding upon the Municipality until a letter repealing or replacing this certificate has been received by the One Investment Program.

Dated this ____________________ day of ______________________, 20___

____

Signature of Treasurer

THE One INVESTMENT PROGRAM

Appendix D

Cross-Reference Table Between Municipal Funding Agreement and Canada-Ontario-AMO-Toronto Administrative Agreement

Municipal Funding Agreement (MFA) Provision		Canada-Ontario-AMO-Toronto Administrative Agreement Provision
Section 1	**Definitions and Interpretations**	
Section 1.1		Section 2 Interpretations
Section 1.2		AMO Provision for MFA
Section 2	**Term of Agreement**	
Section 2.1	Term	10.1 (Duration, Termination, Review & Amendment)
Section 2.2	Review	10.2 (Duration, Termination, Review & Amendment)
Section 2.3	Amendment	10.3 (Duration, Termination, Review & Amendment)
Section 2.3	Notice	10.5 (Duration, Termination, Review & Amendment)
Section 3	**Recipient Requirements**	
Section 3.1	Communications	8.2c (Dispute Resolution) / Annex B, Section 9 (Terms and Conditions) / Schedule A, Item 2 (Ultimate Recipient Requirements) / Schedule E (Communications Protocol)
Section 3.2	Incrementality	Annex B, Section 4 (Terms and Conditions)
Section 3.3	Contracts	Schedule A, Item 6 (Ultimate Recipient Requirements)
Section 4	**Eligible Projects**	
Section 4.1	Eligible Project Categories	Annex B, Section 6 (Terms and Conditions) / Schedule A, Item 1 (Ultimate Recipient Requirements) / Schedule B (Eligible Project Categories)
Section 4.2	Recipient Fully Responsible	Schedule A, Item 1 (Ultimate Recipient Requirements)
Section 5	**Eligible Expenditures**	
Section 5.1	Eligible Expenditures	Annex B, Section 7 (Terms and Conditions) / Schedule A, Item 1 (Ultimate Recipient Requirements) / Schedule C (Eligible and Ineligible Expenditures)
Section 5.2	Discretion of Canada	8.4 (Dispute Resolution)
Section 5.3	Unspent Funds	6.2 (Federal Gas Tax Fund)
Section 5.4	Reasonable Access	9.1 (Audits & Evaluation) / Schedule A, Items 8 and 9 (Ultimate Recipient Requirements) / Schedule D, Section 1.2 (Reporting)
Section 5.5	Retention of Receipts	Schedule A, Item 9 (Ultimate Recipient Requirements) / Schedule D, Section 1.2 (Reporting)

Municipal Funding Agreement (MFA) Provision		Canada-Ontario-AMO-Toronto Administrative Agreement Provision
Section 6	**Funds**	
Section 6.1	Allocation of Funds	Annex B, Sections 1.1 and 1.3 (Terms and Conditions)
Section 6.2	Transfer of Funds to another Municipality	Annex A, "Ultimate Recipient" (Definitions)
Section 6.3	Transfer of Funds to a non-municipal entity	Annex A, "Ultimate Recipient" (Definitions)
Section 6.4	Use of Funds	Schedule A, Item 1 (Ultimate Recipient Requirements)
Section 6.5	Schedule of payout of Funds	Annex B, Sections 1.1 and 2.1 (Terms and Conditions)
Section 6.6	Use of Funds	Schedule A, Item 5 (Ultimate Recipient Requirements)
Section 6.7	Funds Advanced	Schedule A, Item 5 (Ultimate Recipient Requirements)
Section 6.8	Expenditure of Funds	Schedule A, Item 5 (Ultimate Recipient Requirements)
Section 6.9	GST & HST	Schedule C, Section 2d (Eligible and Ineligible Expenditures)
Section 6.10	Limit on Canada's Financial Commitments	AMO Provision (provided for clarity since this is related to the next two sections)
Section 6.11	Federal Funds	Schedule A, Item 15 (Ultimate Recipient Requirements)
Section 6.12	Stacking	Schedule A, Item 15 (Ultimate Recipient Requirements)
Section 6.13	Withholding Payment	AMO Provision
Section 6.14	Insufficient funds provided by Canada	AMO Provision
Section 7 – Reporting Requirements		
Section 7.1	Annual Report	Annex B, Section 8 (Terms and Conditions) / Schedule D, Sections 1.1 and 1.3 (Reporting)
Section 7.2	Outcomes Report	Annex B, Section 8 (Terms and Conditions) / Schedule D, Sections 2a and 2b (Reporting)
Section 8	**Asset Management**	
Section 8.1	Asset Management Plan	Schedule A, Item 3 (Ultimate Recipient Requirements)
Section 8.2	Outcomes	Schedule A, Item 4 (Ultimate Recipient Requirements) / Schedule D, Section 2c (Reporting)
Section 9	**Records and Audit**	
Section 9.1	Accounting Principles	AMO Provision
Section 9.2	Separate Records	Schedule A, Items 8 and 9 (Ultimate Recipient Requirements) / Schedule D, Section 1.2 (Reporting)
Section 9.3	External Auditor	Schedule A, Item 8 (Ultimate Recipient Requirements) / Schedule D, Section 1.2 (Reporting)
Section 10	**Insurance and Indemnity**	
Section 10.1	Insurance	AMO Provision
Section 10.2	Certificates of Insurance	AMO Provision
Section 10.3	AMO not liable	AMO Provision
Section 10.4	Recipient to Compensate Canada	Schedule A, Item 13 (Ultimate Recipient Requirements)
Section 10.5	Recipient to Indemnify AMO	Schedule A, Item 13 (Ultimate Recipient Requirements)

Municipal Funding Agreement (MFA) Provision	Canada-Ontario-AMO-Toronto Administrative Agreement Provision
Section 11 Transfer and Operation of Municipal Infrastructure	
Section 11.1 Reinvestment	Schedule A, Item 7 (Ultimate Recipient Requirements)
Section 11.2 Notice	AMO Provision
Section 11.3 Public Use	Annex A, "Infrastructure" (Definitions)
Section 12 Default and Termination	
Section 12.1 Event of Default	Section 8.2 (Dispute Resolution) / Schedule A (Ultimate Recipient Requirements)
Section 12.2 Waiver	Section 8.2 (Dispute Resolution) / Schedule A (Ultimate Recipient Requirements)
Section 12.3 Remedies on Default	AMO Provision
Section 12.4 Repayment of Funds	AMO Provision
Section 13 Conflict of Interest	
Section 13.1 No Conflict of Interest	Schedule A, Item 12 (Ultimate Recipient Requirements)
Section 14 Notice	
Section 14.1 Notice	Section 14 (Correspondence)
Section 14.2 Representatives	Section 14 (Correspondence)
Section 14.3 Addresses for Notice	Section 14 (Correspondence)
Section 15 Miscellaneous	
Section 15.1 Counterpart Signature	Section 11 (Counterpart Signature)
Section 15.2 Severability	Section 12 (Severability)
Section 15.3 Waiver	Section 13 (Waiver)
Section 15.4 Governing Law	Standard Provision
Section 15.5 Survival	9.4 (Audits and Evaluation) / Schedule A, Item 14 (Ultimate Recipient Requirements)
Section 15.6 AMO, Canada and Recipient Independent	Schedule A, Item 10 (Ultimate Recipient Requirements)
Section 15.7 No Authority to Represent	Schedule A, Item 11 (Ultimate Recpient Requirements)
Section 15.8 Debts Due to AMO	AMO Provision
Section 15.9 Priority	Standard Provision
Section 16 Schedules	Standard Provision
Section 17 Signatures	Standard Provision

Municipal Funding Agreement (MFA) Provision		Canada-Ontario-AMO-Toronto Administrative Agreement Provision
Schedule A	**Schedule of Fund Payments**	Annex B, Sections 1.1 and 1.3 (Terms and Conditions)
Schedule B	**Eligible Project Categories**	Annex B, Section 6 (Terms and Conditions) / Schedule A, Item 1 (Ultimate Recipient Requirements) / Schedule B (Eligible Project Categories)
Schedule C	**Eligible and Ineligible Expenditures**	Annex B, Section 7 (Terms and Conditions) / Schedule A, Item 1 (Ultimate Recipient Requirements) / Schedule C (Eligible and Ineligible Expenditures)
Schedule D	**Reporting**	Annex B, Section 8 (Terms and Conditions) / Schedule D (Reporting)
Schedule E	**Communications**	Schedule A, Item 2 (Ultimate Recipient Requirements) / Schedule E (Communications Protocol)


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