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MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding, dated this 28 day of DEC, 2010, by and between the VILLAGE OF MEDINA, a municipal corporation with offices at 119 Park Avenue, Medina, New York (the "Village") and the TOWN OF SHELBY, a municipal corporation with offices at 4062 Salt Works Road, Medina, New York (the "Town").

WHEREAS, the Village owns, maintains, and administers certain utility infrastructure providing water and sewer service to the community (collectively, the "water and sewer infrastructure"), and

WHEREAS, the Town has requested access to the Village's water and sewer infrastructure for the purpose of promoting industrial development in certain areas of the Town outside the jurisdictional boundaries of the Village, and has requested the Village provide such services without requiring annexation, and

WHEREAS, the Village is agreeable to extending access to said utility infrastructure and services to such areas of the Town without requiring annexation, if the direct and indirect costs to the Village of new industrial development made possible by this Memorandum of Understanding, or successor agreements, are recouped in other ways, and

WHEREAS, the applicable combined tax rate for a parcel which does not annex to the Village would be substantially lower because the parcel would be paying no Village tax, thereby making our community as a whole more competitive in attracting new industrial development, and

WHEREAS, the applicable Town tax rate for a parcel which does not annex to the Village would be substantially higher in comparison to the Town tax rate if the same parcel did annex, thereby resulting in substantially higher Town tax revenue from the subject parcel where there is no annexation, and

WHEREAS, the parties would like to reach an understanding of the general terms of agreement they wish to reach with respect to the provision of the water and sewer infrastructure by the Village to said areas of the Town, and further to define the areas of agreement that remain to be agreed upon,

NOW, THEREFORE, in consideration of the premises contained herein, the parties agree and understand as follows:

1. The Village agrees to permit parcels in areas of the Town outside the jurisdictional boundaries of the Village to connect to the Village's water and sewer infrastructure without requiring the benefitted parcels to annex to the Village, subject to agreement between the parties as to the terms outlined in paragraph 2 hereof.
2. The Village's agreement to permit access to its water and sewer infrastructure is expressly conditioned on the parties' reaching agreement as to the following areas for additional inquiry:
 - a. Agreement as to which entity determines the appropriate Town-outside-Village water and sewer rates, and if said rates are to be mutually agreed upon by the Town and Village, the agreed-upon rate schedule;

- b. Agreement as to which entity determines the appropriate Town-outside-Village water and sewer connection fee, if any, and if said connection fee is to be mutually agreed upon by the Town and Village, the amount of such fee;
- c. Agreement as to responsibility for capital cost of connection to the water and sewer infrastructure;
- d. Agreement as to ownership and responsibility for maintenance and repair to any and all water and sewer infrastructure installed pursuant to this Memorandum of Understanding, or successor agreements;
- e. Agreement as to the Village's right to inspect any and all water and sewer infrastructure installed pursuant to this Memorandum of Understanding, or successor agreements;
- f. Agreement as to indemnity;
- g. Agreement as to any Host Community Agreement payment or other property tax revenue-sharing device designed to compensate the Village General Fund for the provision of other services to support new population, commerce, traffic, and emergency response demands resulting from capital projects arising out of this Memorandum of Understanding, or successor agreements, for which the Village General Fund will receive no new revenue as the benefitted parcel would otherwise pay no Village tax;
- h. Agreement as to responsibility for any capital costs incurred to upgrade or improve any water and sewer infrastructure remaining within the control of the Village of Medina, which is necessitated to service additional water and/or sewer volume resulting from connections made pursuant to this Memorandum of Understanding, or successor agreements;
- i. Agreement as to the extent to which the Town would consent to annexation for any parcel otherwise covered by this agreement where the developer prefers annexation;
- j. Agreement as to whether the Town will agree to adopt the Village Sewer Use Ordinance currently in effect; and
- k. Agreements as to any other matters which may arise in the course of continued discussion and negotiation.

3. The parties agree to expeditiously bargain in good faith with respect to the areas of agreement recited in paragraph 2, above.

4. This agreement shall apply only to parcels zoned Industrial or Light Industrial pursuant to the Town Zoning Law.

Dated: 12-28-10



Adam Tabela
Mayor of the Village of Medina



Merle L. Draper
Supervisor of the Town of Shelby