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Ontario

December 1, 2006

Bruce MacGregor
Commissioner, Transportation & Works
Regional Municipality of York
17250 Yonge Street
Newmarket, ON L3Y 6Z1

Dear Mr MacGregor,

This is to confirm our discussions regarding the proposed transfer of Highway 7 from Hwy 48 easterly to the Markham By-pass. The ministry is willing to proceed toward the transfer of Highway 7 and provide funding based on the 5-year capital needs provided the Region obtains a council resolution offering to accept the section of highway with no additional conditions before January 31, 2007

As discussed between staff, the ministry is prepared to provide the Region with funding of $903,884 for Highway 7 from Highway 48 to the Markham Bypass. This funding represents our calculation of the present value of the near term capital needs within the subject section of Highway 7.

We require a resolution from York council offering to accept transfer and specifying the agreed-upon value of compensation, before we can secure funding to consummate the transfer. The execution of any staff level agreement is conditional on our ability to obtain funding for both the compensation and the offset for the value of the asset being removed from our system.

Please advise at your earliest convenience whether the Region is able to provide a council resolution by January 31, 2007.

You may contact Rinaldo Rossi, Field Services Engineer, at (416) 235-5223 if you require any additional information.

Sincerely,

Roger Hanmer, MBA, PEng.
Regional Director

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Rinaldo Rossi
Noris Bot
Lou Politano
Peter Korpal
Tom Hewitt