

**THIS LETTER OF INTENT** made this 17th day of March, 2016,

**BETWEEN:**

**HER MAJESTY THE QUEEN**, in right of the Province of Nova Scotia, as represented by the Minister of the Department of Municipal Affairs (hereinafter referred to as the "Province");

and

**MUNICIPALITY OF THE COUNTY OF CUMBERLAND** and the **TOWN OF PARRSBORO** (hereinafter referred to as the "Municipalities").

**WHEREAS** on October 1, 2015, the Town of Parrsboro applied to the Nova Scotia Utility and Review Board (NSUARB) pursuant to Section 394(b) of the *Municipal Government Act* to dissolve and become part of the Municipality of the County of Cumberland;

**AND WHEREAS** the Province of Nova Scotia is supportive of municipal governments that demonstrate leadership for long-term, transformational change, restructuring their governance arrangements to improve efficiency and effectiveness;

**AND WHEREAS** in the best interests of the Province and the Municipalities (hereinafter referred to as the "Parties") in moving the dissolution process forward, the Parties have come to an agreement with respect to post-amalgamation financial matters prior to the Hearing on the Merits;

**NOW THEREFORE** in consideration of the mutual covenants and agreements contained in this Letter of Intent, the Parties agree as follows:

**1.0 FUNDING ASSISTANCE**

**1.1** The Province will provide the following:

- (a) Equalization funding shall be paid to the Municipalities (i.e., the new municipality formed by combining the Municipalities as a result of the NSUARB Order) over five (5) fiscal years (i.e. 2017/18 to 2021/22, inclusive). At the expiry of this period, the equalization allocation for the Municipalities will revert to the applicable provincial formula in effect at that time. The amount of Equalization funding to be paid to the combined municipal unit shall be no less than the amounts the Municipalities are entitled to receive in each of the five (5) fiscal year periods (the Municipality of the County of Cumberland total equalization funding received in 2015/16: \$1,182,204 for 2017-2018 to 2019-2020, then \$776,666 in 2020-2022; the Town of Parrsboro total equalization funding received in 2015/16: \$365,901 for five years). The total amount to be paid over the next five (5) fiscal year period shall not be less than \$ 6,929,449 to be paid in amounts of \$1,548,105 for 2017-2018 to 2019-2020; then \$1,142,567 for 2020-2022.
- (b) Special capital funding of \$1,550,000 for infrastructure improvements within Parrsboro, \$1,345,000 of which is to be used for a waste water treatment plant in Parrsboro and to expand the collection system to reach 80% of the households, and \$205,000 of which is to be used for capital purposes to meet the regulatory requirements for its water system as outlined in its infrastructure study. Funding will be paid over five (5) fiscal years beginning in 2017/18 (i.e. 2017/18 to 2021/22, inclusive). Funding can be used to secure additional financial assistance from other programs that are not already part of this Letter of Intent as outlined in the rules and criteria for each program. Moreover, this provision will not be interpreted, employed, or otherwise exploited, to preclude the Municipalities from applying for other funding for its own projects under these programs.
- (c) Roads funding of \$1,072,500, \$825,000 of which is to be used for capital investments and \$247,500 for operating. Operating funding will be paid in annual installments of \$49,500 over five (5) fiscal years beginning in 2017/18 (i.e. 2017/18 to 2021/22, inclusive). Capital funding will be paid in annual installments of \$165,000 per year over five (5) fiscal years beginning in 2017/18 (i.e., 2017/18 to 2021/22, inclusive).

(d) Funding for post-transitional expenses according to criteria agreed to by the Province, and subject to provincial approval, of up to \$90,000 annually for a total provincial commitment by the Province over the next five (5) fiscal years (i.e. 2017/18 to 2021/22, inclusive) of \$450,000. This funding is for incremental dissolution costs, subject to the reporting requirements outlined under section 5.0 of this Letter of Intent, and not to be used to replace normal operating expenses that would be incurred without dissolution.

(e) Work with other provincial government departments to request that no present funding programs available to the Municipalities (e.g., the MPAL program available through the Nova Scotia Department of Health and Wellness) are reduced below current funding levels for the next five (5) fiscal years, where any such reductions are based solely on the dissolution of the Town. This provision does not apply to program or funding changes that are made for reasons other than the dissolution of the Town.

1.2 The Municipalities acknowledge that up to \$375,000 will be provided by the Province to the Municipalities in pre-dissolution funding.

## **2.0 OTHER ASSISTANCE**

2.1 The Province will work cooperatively with the Municipalities to identify funding sources and programs that will assist the Municipalities with future program and infrastructure costs as the need arises and upon request of the Municipalities.

2.2 The Province recognizes that schools constructed prior to 1982 in the Municipalities may revert back to municipal ownership if deemed surplus by the Chignecto-Central Regional School Board. This may result in significant costs for the Municipalities. If this were to happen prior to March 31, 2022, the Province will work cooperatively with the Municipalities to identify funding sources for schools that are transferred back to the Municipalities.

2.3 The Province will work cooperatively with the Government of Canada to secure New Building Canada Fund infrastructure funding for the projects identified as a municipal priority by the Council of the Municipalities. The Municipalities are responsible for the municipal contribution to the project as outlined in the rules and criteria for the program.

## **3.0 MUNICIPAL STREETS**

3.1 The Municipalities will take over responsibility for all streets, roads, lanes, etc., within what will become the former Town of Parrsboro and those roads currently owned by the Municipality of the County of Cumberland. In consideration of same, the Province shall provide the Municipalities with funding as outlined in Section 1.1(c).

## **4.0 SALE OF MUNICIPALLY-OWNED ASSETS**

4.1 The Municipalities agree that the proceeds from the sale of any Tangible Capital Asset during the next five (5) years, owned by any of the Municipalities and exceeding \$10,000 in value, will be held in a special reserve and can be used only for purposes associated with the municipal unit that formerly owned the asset and its respective capital debts.

## **5.0 REPORTING REQUIREMENTS**

5.1 The Municipalities will provide the following:

(a) An overall budget detailing the manner in which funds disbursed pursuant to this Letter of Intent will be expended by the Municipalities.

(b) For the first fiscal year following dissolution, a quarterly forecast update including supporting invoices, detailing the manner in which funds disbursed pursuant to this Letter of Intent have been expended by the Municipalities. This forecast shall be made in a form mandated by the Province.

(c) For each fiscal year thereafter, an annual forecast update including supporting invoices, detailing the manner in which funds disbursed pursuant to this Letter of Intent have been expended by the Municipalities. These reports will be provided within sixty (60) days of the end of each fiscal year, and shall be made in a form mandated by the Province.

(d) Electronic copies of any and all of the following documents relating to expenditures made from funding disbursed pursuant to this Letter of Intent:

- i. Requests for Proposals
- ii. Applicants' submissions to Requests for Proposals
- iii. Monthly bank reconciliations
- iv. Any other records or reports relating to funding provided pursuant to this Letter of Intent as requested by the Province

(e) All electronic copies of all of the documents listed under clause 5.1 (d) shall be retained by the municipalities for at least 24 months from the end of the fiscal year in which funding is provided pursuant to this Letter of Intent.

5.2 The Municipalities will provide any records and reports requested by the Province pursuant to this Letter of Intent at the Province's request, and within thirty (30) days of any such request.

## **6.0 FISCAL AUDITING**

6.1 The Province may, at the cost of the Province, conduct an audit with respect to the use of the funding received for the purposes of this Letter of Intent.

6.2 For the purposes of any audit undertaken by the Province, the Municipalities will provide, upon request and in a timely manner, to the Province or anyone acting on behalf of the Province:

(a) All books, accounts, and financial records held by the Municipalities or by third parties under a contract with the Municipalities, relating to this Letter of Intent and the use of funding pursuant to this Letter of Intent.

(b) Such further information and/or clarification that the Province or anyone acting on behalf of the Province may request relating to this Letter of Intent or to the use of funds pursuant to this Letter of Intent.

6.3 The Municipalities shall, at all times, ensure that third parties are obligated to provide to the Province or its authorized representative the books, accounts, records, and other information that are in the third party's possession and that relate to this Letter of Intent or the use of funds pursuant to this Letter of Intent.

## **7.0 RESPONSIBILITIES OF THE MUNICIPALITIES**

7.1 The Municipalities will:

(a) Work expediently and in good faith with each other and with the Province to implement the Order of the NSUARB dissolving the Town.

(b) Cooperate with each other and with the Province to ensure that the best interests of the residents of the Municipalities are given equal and serious consideration in the delivery of municipal services.

7.2 The parties agree to expend the funding disbursed pursuant to this Letter of Intent directly and solely for the purposes outlined in this Letter of Intent, and may not use such funding for any other expenses, expenditures, or purpose whatsoever.

## **8.0 DEFAULT OF OBLIGATIONS**

8.1 In the event that any funding provided pursuant to this Letter of Intent has been used for purposes other than those dictated hereunder, any and all funding provided pursuant hereto is subject to repayment by the Municipalities at the sole discretion and on such terms and conditions set by the Province, and any future funding dictated by the terms of this Letter of Intent may also be terminated by the Province at its sole discretion.

## **9.0 MISCELLANEOUS PROVISIONS**

9.1 This Letter of Intent is not intended to create legally enforceable obligations under statute, common law, equity, or otherwise until an Order for Dissolution incorporating this Letter of Intent is granted by the Board.

9.2 Other than specified within this Letter of Intent, the Province assumes no further financial responsibility for the dissolution of the Town.

9.3 The provisions of this agreement become effective only upon an order by the NSUARB to dissolve the Town within the twelve (12) months following the execution of this Letter of Intent. Should this period expire without the Town dissolving, this Letter of Intent will be null and void.

9.4 Should the Municipalities withdraw from the dissolution application submitted to the NSUARB on October 1, 2015, it will be responsible for reimbursing the Province for their share of any money expended pursuant to section 1.2 of this Letter of Intent.

## **10.0 NON-LIABILITY AND INDEMNITY**

10.1 The Province shall not be liable for any claims, actions, suits, damages, costs or expenses arising from:

(a) Any injury, death, or damage to property resulting from or arising out of any act or omission of the Municipalities, their servants, agents, or contractors, in carrying out any work made possible through the funding provided for in this Letter of Intent.

(b) Any loans or any other contractual commitments entered into by the Municipalities with any other party or non-party in connection with work made possible through the funding provided for in this Letter of Intent.

10.2 The Municipalities agree that they shall at all times indemnify and save harmless the Province, its Ministers, officers, employees, agents, or assigns from and against all claims, demands, losses, costs, damages, actions, suits or other proceedings of any kind based upon injury, including death, to any person, or damage to or loss of property, arising from any willful or negligent act, omission or delay on the part of the Municipalities, its servants, agents, or contractors, in carrying out any work made possible through the funding provided for in this Letter of Intent.

10.3 The Municipalities agree that they have no authority to bind the Province to any other agreement and the Municipalities agree that they will not hold themselves out as having any authority, express or implied, or on behalf of, the Province.

10.4 The Municipalities agree that they have no authority to assign, transfer, or delegate to third parties, any of their obligations or responsibilities set out in this Letter of Intent unless approved by the Province.

**11.0 NOTICE**

11.1 All notices and communications pursuant to this Letter of Intent shall be deemed duly given upon being delivered by hand, or three (3) days after posting or sent by registered mail, to a Party at the following addresses:

For the Province:  
Deputy Minister  
Department of Municipal Affairs  
Maritime Centre, 14 North  
1505 Barrington Street  
Halifax, NS B3J 2M4

For the Municipalities:  
Chief Administrative Officer  
Municipality of the County of Cumberland  
1395 Blair Lake Road, RR#6  
Amherst, Nova Scotia  
B4H 3Y4

**12.0 ENTIRE AGREEMENT**

12.1 This Letter of Intent constitutes the whole agreement between the Parties unless duly modified by the Parties by agreement in writing. Any representation or statement not expressly contained herein shall not be binding upon the Parties.

IN WITNESS WHEREOF the Parties hereto have executed this Letter of Intent at the Town of Parrsboro, in the County of Cumberland, Province of Nova Scotia, Canada on this 17th day of March, 2016.

**SIGNED, SEALED AND DELIVERED**

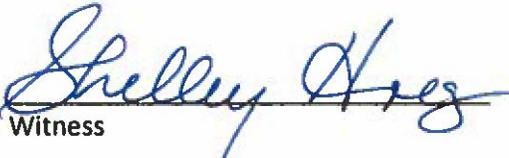
**HER MAJESTY THE QUEEN, in right of the Province of Nova Scotia, as represented by the Minister of Municipal Affairs**



Witness



Honourable Zach Churchill



Witness



Warden  
Municipality of the County of Cumberland



Witness



Clerk  
Municipality of the County of Cumberland



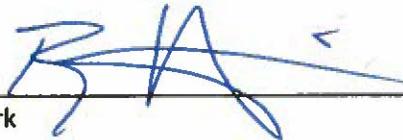
Witness



Mayor  
Town of Parrsboro



Witness



Clerk  
Town of Parrsboro