



**MEMORANDUM OF UNDERSTANDING – MUNICIPAL REFORM
STEERING COMMITTEE**

c/o Municipality of Pictou County ♦ 46 Municipal Drive ♦ Pictou, N.S. ♦ B0K 1H0

February 20, 2015

Glen MacKinnon, Mayor
Town of Trenton
PO Box 328
Trenton, N.S.
B0K 1X0

Dear Mayor MacKinnon:

The Steering Committee met and reviewed your letter of February 7, 2015. I have been asked to relay the following points.

Project Management

Studies in other municipalities have cost hundreds of thousands of dollars and have taken substantial time to complete. We are not willing to file a provincial application for municipal reform until we have a good sense of the outcomes and consequences.

To address these realities, the Steering Committee has approved work plans under which a variety of studies will be completed. Our Project Manager has assembled pods of municipal staff from our respective units to conduct the fact-based analysis. These individuals are specialists, many of whom serve as officers of their municipal units and have professional designations. From their analyses, our Committee will format recommendations for consideration by our Councils. Should our Councils' approve, those recommendations will be vetted publically and ultimately be subject to the scrutiny of provincial officials. There is no bias – we have been struck to efficiently and effectively study and report on municipal reform. We intend to have this be a municipally and Pictou County-led process.

Trenton Power

The MOU committee has instructed that taxation analysis and recommended methods be based on fairness and a user pay approach. At this point no one can presuppose the outcome as the analysis has yet to be undertaken. One could assume, however, that given the relatively small numbers of tax accounts in Trenton, your property tax payers will benefit when the fixed portions of service delivery become blended within the much larger total of accounts from all of the Participating Municipal Units. With respect to debt, that also requires analysis and if deemed to be a problem for a limited number of tax accounts, the Committee will attempt to find an appropriate resolution. It is, however, both unacceptable and inappropriate to the Committee that, absent analysis, a block of assessment be forever restricted for the sole benefit of a certain subset of properties.

Trenton Rink

The MOU process will generate financial taxation estimates involving the Trenton Rink within a regional rate should the facility be deemed regional, or as an area rate should the facility be deemed a local asset. The MOU is a framework document under which the Participating Municipal Units have agreed to study regional government. The preconditions are, in effect, agreement on the assumptions that will be used to study regional government - the preconditions cannot bind a future government.

Trenton Park

We are unsure of how the land is held current day. The Committee has, however, committed to include a recommendation within the final report that speaks to maintaining the lands for Park purposes in perpetuity. This may involve MOU general legal counsel providing a high level overview of the steps that should be taken by a new regional government relative to the Park.

Tax Rates and Services Levels

We believe your concerns in this regard are already covered in the MOU. Until the MOU studies have been completed, the municipal units will not know the financial impact of a regional government on their specific property owners. Those details will be provided to each Council and they, in turn under provisions of the MOU, will have the right to continue on with the MOU process or withdraw.

Voting Power and Clause 1.2.5.

The Participating Municipal Units are fully aware of the voting structure. Each of the partners brings strengths and resources to the table. We are unwilling to alter this provision.

We are left to conclude after our several communications since last August that your Council is not in agreement with the manner in which the Participating Municipal Units wish to approach reform, the tight timeframes associated with studying and preparing for reform, and the resources and steps we plan to employ to ensure the public, government and stakeholders are aware of and engaged in the process. Because of our disagreements in principle, the Committee has concluded we must end our negotiations with Trenton at this point in time.

Yours truly,



Ronnie Baillie
Chairman

c. Cathy MacGillivray



TOWN OF TRENTON
OFFICE OF THE MAYOR
PO Box 328 Trenton, NS B0K 1X0

February 7, 2015

Warden Ron Baillie
Chairman MOU Steering Committee
PO Box 910 Pictou, NS B0K 1H0

Dear Warden Baillie:

Thank you for your letter of January 28, 2015 concerning participation in the MOU process. Council met this morning and I am pleased to advise we are willing to sign on to this very important proposal pending approval of the following pre-conditions:

Independent Project Manager (Amend Article 1.2.4)

1. A "Pictou County-driven process" is achieved by the Steering Committee leadership not by the Project Manager. The MGA, for both dissolution and application for regional status, appears to contemplate a process that begins with an application and then proceeds to the studies and analysis, therefore the coordinator must be an independent party participating/leading in the studies and analysis and not simply in the implementation to avoid bias. In contrast the MOU process begins with the studies and analysis before proceeding to the application. Your response also notes that the Project Manager reports to and takes direction from the Steering Committee. While the direction of the Committee does provide a level of independence, familiarity, employer allegiances and other factors create a significant risk that biases may, either knowingly or unknowingly, creep into the actual work carried out by the PM. This bias may impact the presentation and/or interpretation of the "fact-based analysis" to be coordinated by the PM and may not be evident to the Committee or other stakeholders.

Most importantly, assuming the desired objective of applying to the NSUARB for regional status is reached, the proposal will require ratification by the citizens in a plebiscite. To best assure acceptance by the citizens, the process and analysis leading to the proposal should be free of both real and perceived bias. It would be most unfortunate if the MOU process ultimately were to fail due to a misplaced perception of bias in the analysis and development stage.

Nova Scotia Power Grant in Lieu

2. Your observation that other municipal units have not required revenues from other large single assessable properties to remain with the former municipal boundaries is a reasonable comparison within limited parameters, however it is not a valid comparison in considering "area rates". In the calculation and levying of area rates, assessable properties will attract the area rates and will serve to reduce the burden on other taxpayers within the area. In the absence of at least some attribution of the NSPI grant to the Trenton area, the Trenton area ratepayers will be unfairly disadvantaged with the respect to area rates. It is important to note that, within the context of the MOU provisions, area rates will be required for existing debt service costs and future "localized services" (yet to be defined). A portion of the NSPI grant

equivalent to Trenton area rates on the NSPI assessment equivalent must be credited to the area for rate purposes.

Trenton Rink

3. Trenton Rink may be determined to be a regional asset in which case it would remain open indefinitely with the operating costs falling into the general tax rate. Trenton Rink might be declared redundant/competing in which case Trenton **could** be afforded the option of funding the net rink operating cost through an area rate. From council's point of view the wording here will require a change from "could" to "will".

Trenton Park

4. Regionalization of Trenton Park does not actually involve a conveyance of property so the approach may be more complex than contemplated. We would expect this principle be included in the MOU to be effected by appropriate means.

Tax Rates and Service Levels

5. With respect to tax levels within the Pictou County, it is difficult to conceive of a situation where higher taxes than existing would/could be demonstrated in the best interest of the local residents, which is presumably one of the conditions to be met for approval by the NSUARB. The current all-inclusive tax rate in Trenton is comparable to or lower than that of other Pictou regional municipalities in comparison to property tax rates plus user charges levied in the other municipalities. We would require provisions respecting "Trenton area" tax rates identical to those already included in the MOU with respect to the rural municipality.

Voting Power and Clause 1.2.5

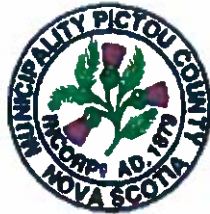
6. Council has concern with respect to decision-making in the event of a tied vote within the Steering committee and the current operation of Clause 1.2.5, which provides for voting weighted relative to population in the event of a tied vote. If fewer than six municipal units are participants the impact of this weighting provides the County with effective control over decisions in the case of a tied vote and if all six units participate the County plus any one other unit will have effective control. This weighting is disproportionate to financial contributions – initially equal shares from each unit and, based on responses to prior questions, potentially a higher than equal share for Trenton in future contributions. The weighting also does not provide the appearance or reality of a partnership of equals. The response you give does place considerable emphasis on decision making based on consensus, and defines consensus as "decision-making that seeks the consent of all participants, i.e. a supportable position even if not the "favourite" of each "individual". While on the surface, this approach appears reasonable, the existence of the population-based tie-breaking rule creates a risk that "consent" is achieved through a threat of resort to the tie-breaker rules rather than through an informed and reasonable negotiation/discussion of the participants. We would prefer to have a pure equal-vote per committee member system with no tie-breaker provisions (i.e. a tied vote is a failed motion).

I trust that you will agree with these pre-conditions in order to deliver a reasonable and unbiased process in moving the region forward.

Yours truly,



Mayor Glen MacKinnon & Council
Town of Trenton



**MEMORANDUM OF UNDERSTANDING – MUNICIPAL REFORM
STEERING COMMITTEE**

c/o Municipality of Pictou County ♦ 46 Municipal Drive ♦ Pictou, N.S. ♦ BOK 1H0

January 28, 2015

Mayor Glen MacKinnon
Town of Trenton
PO Box 328
Trenton, Nova Scotia
BOK 1X0

Dear Mayor MacKinnon:

I am writing on behalf of the Steering Committee concerning the Town of Trenton's participation in the MOU process. Members of the Steering Committee met with your Council on December 16, 2014 and provided a response to your concerns in early January 2015. On behalf of the Steering Committee I would like to thank you and your Council for your continued interest in the process.

As you might image the amount of work to be undertaken over a short period of time is substantial. To meet this challenge the Steering Committee has now approved the majority of the terms of reference prepared to guide internal and external studies, our Municipal Engineers have already commenced working group meetings, our Finance people start meeting next week, and our Committee has reviewed a terms of reference for the engagement of external consultants. Given the scale of the project and time pressures, our Committee needs to know your decision on joining the MOU on or before February 4, 2015.

We look forward to hearing from you.

Yours truly,

Ronnie Baillie
Chairman



**MEMORANDUM OF UNDERSTANDING
MUNICIPAL REFORM STEERING COMMITTEE**

c/o Municipality of Pictou County
46 Municipal Drive
Pictou, N.S.
BOK 1H0

December 19, 2014

Glen MacKinnon, Mayor
Town of Trenton
PO Box 328
Trenton, Nova Scotia
BOK 1X0

Dear Mayor MacKinnon,

Re. **Follow-up to Trenton Questions on Memorandum of Understanding**

Please be advised that the Memorandum of Understanding (MOU) Steering Committee met today and reviewed your Council's questions. Below find each specific question, as provided by your CAO on December 17th, and the Committee's response.

INDEPENDENT PROJECT MANAGER OUTSIDE OF CURRENT CAO's TO ENSURE UNBIASED OUTCOMES (AMEND ARTICLE 1.2.4)

During our December 16th discussion you referenced that this request is not unlike the recent appointment of Coordinators elsewhere in the Province. In our opinion there are differences in the MOU approach to municipal reform in relation to the dissolution process and those sections of the MGA which reference a "coordinator". Generally, a coordinator is responsible for administering the process after an application has been filed with the NSUARB.

Under the MOU, the Project Manager will coordinate the collection of fact-based analysis leading up to an application to the NSUARB. The MOU further calls upon the Project Manager

to work collectively with his CAO/Town Clerk counterparts (administration of the Participating Municipal Units). Perhaps most importantly, the Project Manager reports to and receives his instruction from the Steering Committee.

As the Participating Municipal Units wish this to be a Pictou County-driven process we are not willing to accept your request in this regard.

NOVA SCOTIA POWER GRANT IN LIEU STAYS IN TRENTON

There are several large single assessable properties situate within the boundaries of the current Participating Municipal Units. These municipal units have not required the revenue generated from those assessable properties to be retained within what will become former municipalities after regional government. Should Trenton wish to sign the MOU the taxation revenue from NSPI will be included with general revenue assumptions.

TRENTON RINK REMAINS OPEN UNTIL TRENTON DETERMINES IT IS NO LONGER VIABLE

The Trenton Rink would be considered within the redundant/competing asset review. If this analysis shows the Trenton Rink is a regional asset the net operating costs would be covered by a general tax rate. Should this review indicate that the Trenton Rink is a redundant/competing asset, Trenton could be afforded the option of funding the net operating cost through an area rate levied on the assessable properties situate within what would become the former Town limits. The area rate would be specific to the net operating costs of the Trenton Rink.

TRENTON PARKLAND REMAINS PARKLAND AND BECOMES A REGIONAL ASSET FOR RECREATIONAL USE ONLY

The MOU could include a provision supporting the Town of Trenton conveying these lands in trust for this purpose.

TAXES TO BE NO HIGHER THAN THE CURRENT RATE AT THE TIME OF REGIONALIZATION INCLUDING USER CHARGES AND AREA RATES WITH NO REDUCTION IN SERVICES

Fact-based analysis is first required in order to determine taxation burdens. Your representatives and Council would be afforded ample time to consider this fact-based analysis before accepting a recommendation on regional government.

A precondition on service warrants already exists in section 6.1.2.

VOTING POWER – MAYOR AND COUNCILLOR ON STEERING COMMITTEE EACH HAVE AN EQUAL VOTE

The Mayor and appointed Council member of each Participating Municipal Unit have equal voting rights on the MOU Steering Committee.

CLAUSE 1.2.5 – TO REFLECT AN EQUAL BALANCE FOR THE MUNICIPALITIES

The operating terms of reference adopted for the Steering Committee defines consensus as *“decision-making that seeks the consent of all participants, i.e. a supportable position even if not the “favourite” of each individual”*. The Steering Committee firmly believes decisions have to be reached through consensus.

In the event consensus cannot be achieved, the Participating Municipal Units are committed to maintaining section 1.2.5 of MOU, i.e. voting must be weighted relative to the percentage of the population of a municipal unit who is signatory to the MOU.

As discussed during our December 16th meeting, work on the MOU has already commenced. Because of the amount of analysis and our overall timeline we require your response prior to January 9, 2015.

On behalf of the Steering Committee, thank you for the questions and we look forward to hearing from you.

Yours truly,



Ronnie Baillie

Chairperson

MOU Steering Committee



TOWN OF TRENTON

OFFICE OF THE CAO

PO Box 328 Trenton, NS B0K 1X0

Phone 752-5311 Fax: 752-0090

December 17, 2014

Warden Ron Baillie
Municipality of Pictou County
PO Box 910
Pictou, NS
B0K 1H0

Dear Warden Baillie:

On behalf of Trenton Town Council, I have been directed to write and thank you and members of the Steering Committee for meeting with us last evening regarding the "Memorandum of Understanding".

Attached please find the list of concerns outlined by council as we discussed in the meeting.

If you have any questions, please do not hesitate to give me a call.

Yours truly,

Cathy MacGillivray
CAO



TOWN OF TRENTON

PO Box 328 Trenton, NS B0K 1X0
Phone 752-5311 Fax: 752-0090
www.town.trenton.ns.ca

December 16, 2014

Concerns determined by Trenton Council with current MOU

- Independent Project Manager outside of current CAO's to ensure unbiased outcomes (amend Article 1.2.4)
- Nova Scotia Power Grant in Lieu stays in Trenton
- Trenton Rink remains open until Trenton determines it is no longer viable
- Trenton Park land remains parkland and becomes a regional asset for recreational use only
- Taxes to be no higher than the current rate at the time of regionalization including user charges and area rates with no reduction in services
- Voting Power – Mayor and Councillor on Steering Committee each have an equal vote
- Clause 1.2.5 - to reflect an equal balance for the municipalities

bn

SEP 19 2014



TOWN OF TRENTON

OFFICE OF THE MAYOR
PO Box 328 Trenton, NS B0K 1X0
Phone 752-5311 Fax: 752-0090

September 19, 2014

Mayor Barrie MacMillan and council
PO Box 7
New Glasgow, NS
B2H 5E1

Dear Mayor MacMillan and council:

Thank you for your letter of September 12th, 2014 regarding the Memorandum of Understanding – Municipal Reform.

The responses provided in your letter did not provide Trenton town council with the level of clarity it feels is required to form a decision on the MOU, and in order to make a conscientious decision on behalf of the citizens of Trenton, a public consultation will be required for further consideration of the options that are presented therein. This meeting will take place in early October.

As soon as council determines the wishes of the citizens they represent, I will advise.

Yours truly,

Glen MacKinnon
Mayor

c.c. Lisa MacDonald, CAO



September 12, 2014

Glen MacKinnon, Mayor
Town of Trenton
PO Box 328
Trenton, N.S.
B0K 1X0

 COPY

Dear Mayor MacKinnon,

Re. Memorandum of Understanding – Municipal Reform

We are writing in response to your letter of September 10, 2014. Our answers can be found immediately beneath each of your questions in red font.

From a general perspective we wish to point out that the MOU will involve a study process/work plan. A number of areas of municipal operation and capital requirements will be reviewed during the term of the MOU. Therefore it is not always possible to supply a definitive answer prior to the completion of detailed analysis associated with the forthcoming work plan.

Trenton Questions:

A) It would appear from the MOU that the municipal financial contribution is a minimum with no apparent limitations on additional future contributions which may be required. In order to assess the potential financial exposure of our residents (and, in fact, all residents in Pictou County):

1. Is our understanding that there is no limitation on potential financial contributions to this process correct?

At this point the proposal is to utilize cash contributions from the municipal units to hire external consultants to review and table recommendations on preferred governance and administrative structures. Cash may also be required to backfill seconded positions and to fund public communication elements, i.e. advertisement and website costs. The intent is to undertake the majority of the review (work plan) through the use of in-house (seconded) staffing resource. Municipal units will cover their share of the backfill requirements through the provision of staff or money. The terms of engagement for seconded employees will be clearly defined.

2. If there are limitations on financial contributions please identify the maximum contribution that may be required.

See answer to A1.

3. If there are no limitations are there existing estimates of the expected cost on the participating municipal units? If so please provide these estimates.

See answer to A1.

4. If estimates of maximum cost do not exist is it intended that any required future contribution from the participating units be on an equal basis consistent with the original contribution?

In the event additional contributions are required the Steering Committee would examine the study elements involved. It is possible that a proration of the costs may be attributed to the volume of work associated with specific municipal units. This may end up being more or less than an equal share.

5. Further, if estimates do not exist, in order for us to assess the potential for additional financial exposure please clarify whether or not it is intended that the salary and other costs of the to be appointed Project Manager will be borne by their employer municipality or if those costs will be an expense against the "MOU fund".

See answer to A1.

- B) It would appear from the MOU that there is a clear intent for existing reserves to remain designated for the benefit of the comprised by the originating municipal unit. There does not appear to be similar clarity of intent with respect to accumulated surplus balances. In order to assess the potential financial implications for our residents (and, in fact, all residents in Pictou County):

6. Is our understanding that there is no intent to designate existing surplus balances to be preserved for the benefit of the originating municipality correct?

Our assumption is that after a municipality's obligations have been satisfied remaining cash would be used/transferred to fund reserves dedicated to the former municipality. The MGA is clear on treatment of reserves post-regionalization.

7. If our understanding is correct would the existing signatories to the MOU entertain a revision to the document to incorporate provisions related to surplus balance that mirror the provisions related to reserve funds?

We believe this can be dealt with through wind-up accounting and is covered by legislation.

C) It would also appear from the MOU that there is a clear intent for existing debt to remain designated as a financial responsibility of the area comprised by the originating municipal unit. As you are aware, municipal debts would ordinarily be associated with underlying municipal asset(s). There does not appear to be similar clarity of intent with respect to designation of classes associated with municipal debt to be designated for the benefit of the originating area. In order to assess the potential financial implications for our residents (and, in fact, all residents in Pictou County):

8. Is our understanding that there is no intent to designate existing assets to be preserved for the benefit of the originating municipality correct?

With respect to capital assets, our assumptions are as follows:

- Assets that are physically attached to properties situate in the former municipal unit will be funded through the user pay principle – unless an asset is deemed to provide regional benefit.
- Other tangible capital assets, i.e. rubber tired assets would become part of the regional fleet/operation.
- Study may indicate that there are inequities in having the property owners of a former municipal unit assume the ongoing debt of an asset that is decommissioned or sold for less than the value of the debt. However, this analysis will need to be completed prior to the inclusion of a definitive statement within the MOU.

9. If our understanding is incorrect please provide document reference for the relevant provisions.

See answer to C8.

10. If our understanding is correct would the existing signatories to the MOU entertain a revision to the document to incorporate provisions similar to those dealing with pre-existing debt for the assets connected to that debt such that those assets would continue to the benefit of the originating area?

Given the proposed analysis on service warrant levels we don't agree with addition of the proposed amendment.

D) The MOU sets out a requirement for the development of a county-wide or area specific prioritization model for capital projects and the tabling of a five year capital investment plan (Clauses 3.2 and 3.6). The MOU also provides for the development of a report and

recommendations respecting a protocol to address the acquisition and rating of new debt (clause 5.3). The MOU sets out clear intent with respect to pre-existing debt remaining with the originating municipality, but does not appear to set out principles or preconditions with respect to the protocol around rating for new debt. It would therefore seem possible that the responsibility for pre-existing and new debt associated with identical assets could be an area responsibility on the one hand and general responsibility on the other.

See answer at end of section D.

11. If our understanding that there are no provisions to fairly address such possible inequities correct (for clarity; as an example, in the past few years Trenton and New Glasgow have made significant investments in storm sewer separation, incurring either significant new debt or depletion of reserves, and under the MOU such debt would be rated to the originating area. In other areas of the county 1) this work may not have progressed to the same extent prior to a change in governance and 2) this type of project may be determined to be a regional project with the new debt becoming a charge against general tax rates.)?
12. If our understanding is incorrect please provide document reference for the relevant provisions.
13. If our understanding is correct would the existing signatories to the MOU entertain a revision to the document to incorporate provisions related to pre-existing debt and/or new debt to ensure that identical treatment is provided for both pre-and post – transition debt related to identical capital projects?

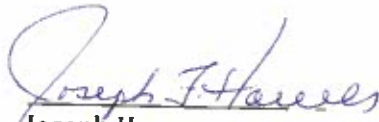
Work plan analysis is required to fully address these questions. The intent is to examine projects from both regional and localized perspectives. In the absence of this analysis, we do not believe the proposed amendment is appropriate. It is important to note that the MOU cannot fetter the decisions of a future Council. In other words a new Regional Council must be afforded the same rights and prerogatives as the former Councils.

- E) The MOU has been developed by the existing signatories and includes preconditions and overarching principles to reflect the localized interests of the arear represented by these signatories.
14. Would the existing signatories entertain modification to the MOU to reflect similar preconditions and overarching principles that reflect the localized interests of a “joining” municipality on the understanding that those provisions would not directly impact on other signatories to the MOU?

Yes the current signatories would review amendments provided they do not impact on the stated preconditions.

We trust the above answers your questions.

Yours truly,



Joseph Hawes
Mayor
Town of Pictou



Ron Baillie
Warden
Municipality of the County of Pictou



Barrie MacMillan
Mayor
Town of New Glasgow

c. Cathy MacGillivray

SEP 10 2014



TOWN OF TRENTON

OFFICE OF THE MAYOR
PO Box 328 Trenton, NS B0K 1X0
Phone 752-5311 Fax: 752-0090

September 10, 2014

Mayor Barrie MacMillan and council
PO Box 7
New Glasgow, NS
B2H 5E1

Dear Mayor MacMillan and council:

At a meeting of Trenton town council last evening the topic of joining the MOU came up. After considerable discussion and deliberation, it was determined additional information was required to make an informed decision.

Attached please find questions regarding this process to which we will require answers. Council is aware of time sensitivity regarding the MOU and would like consideration no later than 5:00 PM on Wednesday, September 17th, 2014.

Yours truly,

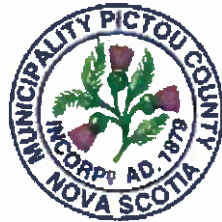
Glen MacKinnon
Mayor

c.c. Lisa MacDonald, CAO

Questions:

- A) It would appear from the MOU that the municipal financial contribution is a minimum with no apparent limitations on additional future contributions which may be required. In order to assess the potential financial exposure of our residents (and, in fact, all residents in Pictou County):
1. Is our understanding that there is no limitation on potential financial contributions to this process correct?
 2. If there are limitations on financial contributions please identify the maximum contribution that may be required.
 3. If there are no limitations are there existing estimates of the expected cost to the participating municipal units? If so please provide these estimates.
 4. If estimates of maximum cost do not exist is it intended that any required future contribution from the participating units be on an equal basis consistent with the original contribution?
 5. Further, if estimates do not exist, in order for us to assess the potential for additional financial exposure please clarify whether or not it is intended that the salary and other costs of the to be appointed Project Manager will be borne by their employer municipality or if those costs will be an expense against the "MOU fund".
- B) It would appear from the MOU that there is a clear intent for existing reserves to remain designated for the benefit of the comprised by the originating municipal unit. There does not appear to be similar clarity of intent with respect to accumulated surplus balances. In order to assess the potential financial implications for our residents (and, in fact, all residents in Pictou County):
6. Is our understanding that there is no intent to designate existing surplus balances to be preserved for the benefit of the originating municipality correct?
 7. If our understanding is correct would the existing signatories to the MOU entertain a revision to the document to incorporate provisions related to surplus balances that mirror the provisions related to reserve funds?
- C) It would also appear from the MOU that there is a clear intent for existing debt to remain designated as a financial responsibility of the area comprised by the originating municipal unit. As you are aware, municipal debts would ordinarily be associated with underlying municipal asset(s). There does not appear to be similar clarity of intent with respect to designation of assets associated with municipal debt to be designated for the benefit of the originating area. In order to assess the potential financial implications for our residents (and, in fact, all residents in Pictou County):
8. Is our understanding that there is no intent to designate existing assets to be preserved for the benefit of the originating municipality correct?
 9. If our understanding is incorrect please provide document references for the relevant provisions.

10. If our understanding is correct would the existing signatories to the MOU entertain a revision to the document to incorporate provisions similar to those dealing with pre-existing debt for the assets connected to that debt such that those assets would continue to the benefit of the originating area?
- D) The MOU sets out a requirement for the development of a county-wide or area specific prioritization model for capital projects and the tabling of a five year capital investment plan (Clauses 3.2 and 3.6). The MOU also provides for the development of a report and recommendations respecting a protocol to address the acquisition and rating of new debt (clause 5.3). The MOU sets out clear intent with respect to pre-existing debt remaining with the originating municipality, but does not appear to set out principles or preconditions with respect to the protocol around rating for new debt. It would therefore seem possible that the responsibility for pre-existing and new debt associated with identical assets could be an area responsibility on the one hand and a general responsibility on the other.
11. Is our understanding that there are no provisions to fairly address such possible inequities correct (for clarity: as an example, in the past few years Trenton and New Glasgow have made significant investment in storm sewer separation, incurring either significant new debt or depletion of reserves, and under the MOU such debt would be rated to the originating area. In other areas of the county 1) this work may not have progressed to the same extent prior to a change in governance and 2) this type of project may be determined to be a regional project with the new debt becoming a charge against general tax rates.)?
 12. If our understanding is incorrect please provide document references for the relevant provisions.
 13. If our understanding is correct would the existing signatories to the MOU entertain a revision to the document to incorporate provisions related to pre-existing debt and/or new debt to ensure that identical treatment is provided for both pre- and post-transition debt related to identical capital projects?
- E) The MOU has been developed by the existing signatories and includes preconditions and overarching principles to reflect the localized interests of the areas represented by these signatories.
14. Would the existing signatories entertain modifications to the MOU to reflect similar preconditions and overarching principles that reflect the localized interests of a "joining" municipality on the understanding that those provisions would not directly impact on other signatories to the MOU?



August 22, 2014

Mayor Glen MacKinnon
Town of Trenton
PO Box 328
Trenton
B0K 1X0

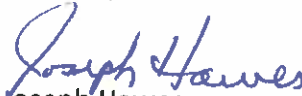
COPY

Dear Glen:

On behalf of our respective Councils, please find attached a copy of the Memorandum of Understanding (MOU) relating to municipal governance and organizational review for Pictou County. The MOU has been drafted to address the current need for a cooperative and regional approach to governance and service delivery.

We encourage and welcome open dialogue regarding this regional commitment. Our Council's believe that it is critical that meaningful change occur in Pictou County. The MOU is a Call to Action, studying key components of our operations and planning for the future. That being said, it is critical that we move the MOU work forward, and we are committed to doing so. Our Council's hope that you will consider the merits of the MOU and agree to become a participating unit.

Sincerely,


Joseph Hawes
Mayor


Ronald Baillie
Warden


Barrie MacMillan
Mayor

Cc Cathy MacGillivray, Chief Administrative Officer