



The Township of Hornepayne
Business Plan & Financial Projections for a
Municipal Services Corporation - Housing

October 15, 2020





THIS DOCUMENT CONTAINS PROPRIETARY AND CONFIDENTIAL INFORMATION
AND IS NOT TO BE DISTRIBUTED WITHOUT PRIOR WRITTEN PERMISSION

EXECUTIVE SUMMARY

Introduction

The Township of Hornepayne will form a Municipal Services Corporation (MSC), with the intent to improve housing within the community and to ensure sufficient housing is available to support community needs and demand for accommodations. The initial project for the newly developed MSC will be the acquisition of the Parkview Apartment Complex from the Hornepayne Economic Development Corporation (HEDC). This process will include transferring ownership of the units into a newly created MSC, which will be the basis for future development of residential housing in the community.

Background

The Hornepayne Economic Development Corporation (HEDC) was incorporated in 2008 and has been responsible for the administration of the Parkview Apartments Complex since 2010¹. The Algoma District Services Administration Board (ADSAB) has an existing partnership with HEDC to provide subsidy to low income individuals, and is a consistent source of funding revenue for the units. This building has 35 rental units, and these rental units are in fairly high demand within the Township.

The Township of Hornepayne (the Township or Hornepayne) is located on Highway 631, between White River and Highway 11, and as of 2016, has a population of 980. In a medium growth scenario, it is projected that the population will grow up to 4% by 2041². The Township is focused on providing value-added experiences to citizens, visitors and investors³. Housing is an important asset within the community, and having available housing options for citizens is important to develop a sustainable community.

As expressed through the Hornepayne Housing Needs and Demand Study⁴ completed in 2019, unofficial reports expressed that up to 50 employees are forced to reside in other surrounding communities (a minimum of 100km away). Local residents have begun renting out rooms, however this is a temporary solution and does not capture additional GDP growth. The main concern arising from these circumstances is that if the job market in Hornepayne continues to increase, the housing deficiency is likely to continue as well if no action is taken.

¹ https://www.townshipofhornepayne.ca/UserFiles/Servers/Server_12408788/Image/Community%20Profile.pdf

² <https://www.townshipofhornepayne.ca/UserFiles/Servers>

³ https://townshipofhornepayne.ca/UserFiles/Servers/Server_12408788/Image/Township%20of%20Hornepayne%20Strategic%20Plan%20Final%20V2.1.2%20February%206%202020.pdf

⁴ https://www.townshipofhornepayne.ca/UserFiles/Servers/Server_12408788/Image/2019-528-1%20-%20Additional%20Document%20-%20Housing%20Needs%20and%20Demand%20Study%20-%20SHS%20Consulting%20Inc.pdf

Project Benefits & Program Linkages

The project has several favourable conditions, including those that are highlighted:

- Investing in the Community through the development of a MSC can provide long-term benefits in terms of sustainability and economic growth for Hornepayne, specifically through scalability in terms of housing and other endeavors;
- Establishing a separate corporation allows for clearer/separated governance and decision making, as well as access to potential funding opportunities due to the ability to borrow money and apply for grants as a separate corporation. Funding opportunities include CMHC Seed Funding to develop and preserve affordable housing, Ontario Aboriginal Housing services (OAHS) , and FCM funding to improve energy efficiency and accessibility;
- Assuming operation of the Parkview Apartment Complex will be the anchor project for the MSC that will continue to support affordable housing in the community;
- Ease of transferability of the apartment units from the HEDC;
- Continued housing support by ADSAB for low-income individuals through existing linkage/partnership;
- Intention to transfer some lands/buildings from the Township to the MSC for renovation/resale in order to both solve some of the housing shortage issues and to create a revenue stream - future intention for acquisition in housing portfolio includes construction of new units, improvement to current infrastructure, and acquisition of current buildings for conversion to viable rental units. This can create revenue streams through rental fees and potential funding to support these units, similar to the subsidized units in the Parkview Complex.

Governance and Management

Moving forward with the MSC, the Township will retain complete ownership of the corporation and the Township of Hornepayne will be the sole shareholder. As per Section 196 of the Municipal Act, it is up to the discretion of the Municipality to determine the initial composition of the Board of Directors. In terms of keeping Council informed as the sole shareholder, it is up to the Municipality to determine whether they will be informed through regular reporting, or if they would prefer to have a Council member on the Board of Directors to act as the informative link between the MSC and Municipal Council.

In order to develop a MSC under O. Reg. 599/06 (See Appendix B), municipalities must:

- Develop a business case study for the proposed MSC
- Consult with the community about the plan - plan to be shared with community
- Adopt and maintain policies with respect to the transferring of assets - with respect to Municipal Act and any land transfer tax liability

The Municipal Services Corporation will be solely owned by the Municipality. The MSC will develop a Board of Directors that will be responsible for monitoring the operations, and as mentioned above, the Municipality will decide if one or more Council members are part of the Board.

Presently, it is estimated that the Hornepayne MSC supports one full-time equivalent job in order to manage the Parkview Apartment Complex in the form of a Superintendent. It is also anticipated that the MSC will support a Project Manager for 18 months in order to complete the transfer process, establish policies and create a 10 year plan.

Operations

The MSC Board will meet within Parkview Apartment Complex available space located at 220 Front Street, Hornepayne, Ontario. The Superintendent will also be located in the apartment complex.

Financial

Objectives:

- Provide affordable housing to community members;
- Develop more affordable rental space within next 5 years;
- Obtain funding/financing to subsidize and improve rental units;
- Establish a Housing Revitalization Fund to support future operations

Funding/Financing:

Financial Contributions and Expenditures

Project Capital Contributions (HEDC Transfer)

• ADSAB Deferred Grant	\$143,520
• Rental Deposits	\$6,880
• Northern Credit Union Loan	\$43,986
• Nord-Aski Loan	<u>\$155,615</u>

Total Project Capital Contributions \$350,000

Project Capital Expenditures

• Land	\$10,000
• Building	320,000
• Equipment and Furniture	<u>20,000</u>

Total Capital Expenditures \$350,000

Term Sheet

- Long-term debt needs during the projection period will consist of the following:
 - Nord-Aski Loan - \$155,615 is remaining in a loan transferred from HEDC as of January 1, 2021. Payments of \$1,881 will be made monthly including 7.25% interest with approximately 10 years remaining.

- Bank Loan - \$43,986 is remaining on a loan transferred from HEDC as of January 1, 2021. Monthly payments of \$1,720 will be made including 5.25% interest with approximately 2 years remaining.
- ADSAB Deferred Grant - provided in full, to HEDC, under an agreement that \$12,500 will be utilized annually to subsidize the 10 rental units in the Parkview Apartment Complex that are classified as low-income units.

See Appendix A for detailed financial projections.

The business plan that follows will provide a roadmap for the Township for the next 5 years to assist in the development of a Municipal Services Corporation with the goal of improving the offerings to the community with respect to affordable housing. This will be done through investment in current infrastructure and potential investment in new infrastructure within the community. The Township will begin these efforts by assuming operations of the Parkview Apartment Complex from the HEDC. Hornepayne is focused on developing a well-managed community. Having available housing options for community members is important to develop sustainable community with an opportunity for economic growth for its constituents.

TABLE OF CONTENTS

INTRODUCTION.....	1
BACKGROUND	1
Project Summary / The Opportunity.....	2
Project Benefits & Program Linkages.....	3
Mission, Vision, Values	3
SITUATION ANALYSIS	4
Industry Analysis	4
Market Overview/Analysis.....	5
Historical Analysis.....	7
SWOT	10
GOVERNANCE AND MANAGEMENT	11
Governance	11
Human Resources Overview	13
Management.....	13
Key Management Positions (at start up)	13
OPERATIONS.....	15
Location	15
Corporate Advisors.....	15
Insurance.....	15
Human Resources / Staffing Requirements.....	16
Infrastructure Requirements	16
Capital Plan.....	17
MARKETING	17
Market	17
FINANCIAL PLAN.....	18
Funding/Financing:	18
IMPLEMENTATION PLAN - TIMELINE	19
CONCLUSION.....	20
APPENDICES	21

INTRODUCTION

The Township of Hornepayne will form a Municipal Services Corporation (MSC), which will require the development of a corporation whose shares are held solely by the Municipality. The Township of Hornepayne will form a Municipal Services Corporation (MSC), with the intent to improve housing within the community and to ensure sufficient housing is available to support community needs and demand for accommodations.

The initial project for the newly developed MSC will be the acquisition of the Parkview Apartment Complex from the Hornepayne Economic Development Corporation (HEDC). This process will include transferring ownership of the units into a newly created MSC, which will be the basis for future development of residential housing in the community. The process will allow the Township to develop a corporation that can support the community through various service offerings.

Overall, the long-term plan of the MSC is to be more involved in community and housing development. The plan may require updating as the MSC explores more opportunities; however, the initial focus will be the acquisition of the apartment complex in addition to MSC development. Housing is a critical element for a community like Hornepayne seeking to grow its population and economy through provision of employment opportunities. The Township has identified affordable housing as one of its key priorities in order to house workers, families and seniors, and develop diverse housing in order to achieve sustainable growth⁵.

BACKGROUND

The Hornepayne Economic Development Corporation (HEDC) was incorporated in 2008 and currently explores situations and opportunities for the Township of Hornepayne⁶. The HEDC has been responsible for the administration of the Parkview Apartments Complex since 2010⁷, which is located in the center of town and works with the Algoma District Services Administration Board (ADSAB) to provide subsidy to low income individuals. This building has 35 rental units, and rental units are in fairly high demand. The Parkview Apartment Complex has the following characteristics⁸:

- Fully furnished apartments available
- Bachelor, one, two & three bedroom apartments available
- Fridge and stove included
- Proximity to grocery store and bank

⁵ <https://www.townshipofhornepayne.ca/UserFiles/Servers>

⁶ <http://hornepayne-edc.com/hedc-board-of-directors>

⁷ https://www.townshipofhornepayne.ca/UserFiles/Servers/Server_12408788/Image/Community%20Profile.pdf

⁸ <http://hornepayne-edc.com/who-chose-parkview-apartments>

- Coin washers and dryers on site

The Township of Hornepayne (the Township or Hornepayne) is a municipality located in a rural area of northern Ontario on Highway 631, between White River and Highway 11⁹. As of 2016, the Township of Hornepayne had a population of 980 with 74% of residents between the ages of 20 and 84¹⁰. In a medium growth scenario, it is projected that the population will grow up to 4% by 2041¹¹. Hornepayne's Mission is to be "... focused on providing value-added experiences to our citizens, visitors and investors"¹². The Township is focused on facilitating economic development and developing a suitable and well-managed community. The main industries that provide an economic base for Hornepayne include railroad and forestry sectors, as well as tourism.

As expressed through the Hornepayne Housing Needs and Demand Study¹³ completed in 2019, unofficial reports expressed that up to 50 employees are forced to reside in surrounding communities (a minimum of 100 km away), and local residents have started to rent out rooms to accommodate new residents or temporary workers. This is not a long-term solution and does not capture additional GDP growth, nor the associated tax revenues that could lower the overall contribution for ratepayers. The main concern arising from these circumstances is that if the job market in Hornepayne continues to increase, the housing deficiency is likely to continue as well if no action is taken¹⁴.

Project Summary / The Opportunity

Hornepayne is creating a Municipal Services Corporation and, as a key service offering, acquiring the Parkview Apartment Complex from the HEDC by transferring the ownership to the newly created corporation. The rationale for undertaking this project include:

- The Township can better support the Community by investing in affordable and rental housing;
- The community of Hornepayne has a clear need for housing opportunities;
- Regulation O. Reg. 599/06, s. 3¹⁵ of the Municipal Act permits the development of a Municipal Services Corporation to support better services/facilities, if the corporation's purpose is to provide a system, service or thing that the municipality itself could provide.
- Providing a focused entity structure for enhanced municipal service delivery

⁹https://www.townshipofhornepayne.ca/UserFiles/Servers/Server_12408788/Image/Community%20Profile.pdf

¹⁰<https://www12.statcan.gc.ca/census-recensement/2016>

¹¹ <https://www.townshipofhornepayne.ca/UserFiles/Servers>

¹²https://townshipofhornepayne.ca/UserFiles/Servers/Server_12408788/Image/Township%20of%20Hornepayne%20Strategic%20Plan%20Final%20V2.1.2%20February%206%202020.pdf

¹³https://www.townshipofhornepayne.ca/UserFiles/Servers/Server_12408788/Image/2019-528-1%20-%20Additional%20Document%20-%20Housing%20Needs%20and%20Demand%20Study%20-%20SHS%20Consulting%20Inc.pdf

¹⁴ <https://www.townshipofhornepayne.ca/UserFiles/Servers>

¹⁵ <https://www.ontario.ca/laws/regulation/060599/v10>

- Link MSC to Council's strategies as defined in 2020 Strategic Plan in order to include the MSC in future goals and to promote collaboration

Project Benefits & Program Linkages

The project, as contemplated has a considerable benefit, not only to the Township of Hornepayne, but to the Community and the region in general. These favourable conditions are highlighted below:

- Investing in the Community through the development of a MSC can provide long-term benefits in terms of sustainability and economic growth for Hornepayne, specifically through scalability in terms of housing and other endeavors;
- Establishing a separate corporation allows for clearer/separated governance and decision making, as well as access to potential funding opportunities due to the ability to borrow money and apply for grants as a separate corporation. Funding opportunities include CMHC Seed Funding to develop and preserve affordable housing, Ontario Aboriginal Housing services (OAHS) , and FCM funding to improve energy efficiency and accessibility;
- Assuming operation of the Parkview Apartment Complex will be the anchor project through the MSC that will continue to support affordable housing in the Community;
- Create new economic streams, synergistically, that complement the housing strategy (e.g. a laundromat)
- Ease of transferability of the apartment units from the HEDC;
- Continued housing support by ADSAB for low-income individuals through existing linkage/partnership;
- Intention to transfer some lands/buildings from the Township to the MSC for renovation/resale in order to both address some of the housing shortage issues and to create a revenue stream - future considerations for acquisition in housing portfolio include construction of new units, improvement to current infrastructure, and acquisition of current buildings to convert them to viable rental units. This can create revenue streams through rental fees and potential funding to support these units, similar to the subsidized units in the Parkview Complex.

Mission, Vision, Values

The Township of Hornepayne has a clear Mission, Vision and set of Values as per a Council's Strategic Plan developed in 2020 by Municipal Government Wayfinders Limited¹⁶.

Mission - "We are a municipality focused on providing value-added experiences to our citizens, visitors and investors"

¹⁶https://townshipofhornepayne.ca/UserFiles/Servers/Server_12408788/Image/Township%20of%20Hornepayne%20Strategic%20Plan%20Final%20V2.1.2%20February%206%202020.pdf

Vision - “Our quest for continual improvement and quality of life will make us the Township where people want to live, work, visit and invest.”

Values - Below is a list of values developed and promoted by Council for the community of Hornepayne which Council uses to guide its actions:

- Integrity
- Accountability and Transparency
- Hardworking
- Respectful
- Inclusive

SITUATION ANALYSIS

The situational analysis examines the housing industry, trends, market potential and historical analysis that can influence the success of the Parkview Apartment Complex project. The first section deals with an analysis of the industry and its current state, followed by the market overview for the Township of Hornepayne, historical analysis of the Parkview Apartment Complex, and strategic (SWOT) analysis. Factors influencing the project internally are described as the Strengths (S) and Weaknesses (W). Factors influencing the project externally are generally referred to as Opportunities (O) and Threats (T).

Industry Analysis

The housing industry in Ontario has been challenging in terms of both affordability and supply¹⁷. Some of the main struggles in the housing market expressed through the Ontario Government housing needs information¹⁸ include:

- Insufficient Supply: ample rental construction is necessary to keep up with demand and population growth
- Affordability: prices of homes and rents have risen faster than household income, increasing the gap in affordability
- Aging social/affordable housing: a large proportion of affordable housing, especially rental and government-subsidized housing, is 40 years old or more
- Vulnerable groups: housing need is more prevalent among vulnerable groups in Ontario

In Ontario, rental housing construction and additions have not sufficiently been meeting demand and there has not been any new housing constructed through social housing

¹⁷<https://www.ontario.ca>

¹⁸<https://www.ontario.ca/document/community-housing-renewal-ontarios-action-plan-under-national-housing-strategy/housing-needs-ontario>

programs in 25 years¹⁹. Ontario recognizes Core Housing Needs (CHN), meaning any household that experiences affordability, suitability or adequacy issues. As of 2016, Canada had an average of 12.7% CHN while Ontario was estimated at 15.3%, otherwise 2.6% higher than the national average. Of Ontario's 2016 CHN statistics, 75% of them were related to unaffordability only, while 17% saw 2 or more issues²⁰. Average rent in Ontario for a 2 bedroom apartment as of 2019 was \$1,339 per month, a 5.4% increase from 2018²¹.

The effects of COVID-19 should be considered in terms of the current and future housing market. Although home sales have rebounded as of May 2020, economists still predict that the issues will be clear in the short-term rental market, and long-term rental changes are becoming recognized by investors²². The impact of unemployment, wage cuts, and uncertainty may result in more caution in the housing market²³.

Market Overview/Analysis

The population of Hornepayne has decreased 19% from 2006 to 2016²⁴, which has brought the population below 1,000. Based on the more recent hiring in the forestry and transportation sectors, the population is expected to see an increase of around 4% over the next 20 years.

The Township's largest population is between ages of 15-64, making up roughly 67% of individuals. More specifically, the population of those ages 40-49 and 50-59 make up the largest distribution in terms of the 10 year age cohorts²⁵.

¹⁹<https://www.ontario.ca/document/community-housing-renewal-ontarios-action-plan-under-national-housing-strategy/housing-needs-ontario>

²⁰<https://www.ontario.ca/document/community-housing-renewal-ontarios-action-plan-under-national-housing-strategy/housing-needs-ontario>

²¹ <https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/35/2/Ontario>

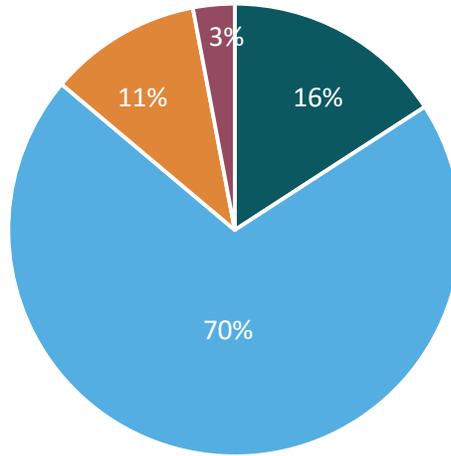
²² <https://ca.finance.yahoo.com/news/canadas-housing-market-shrugs-off-173143652.html>

²³ <https://www.bbc.com/news/business-52977890>

²⁴<https://www.townshipofhornepayne.ca - Housing Needs and Demand Study>

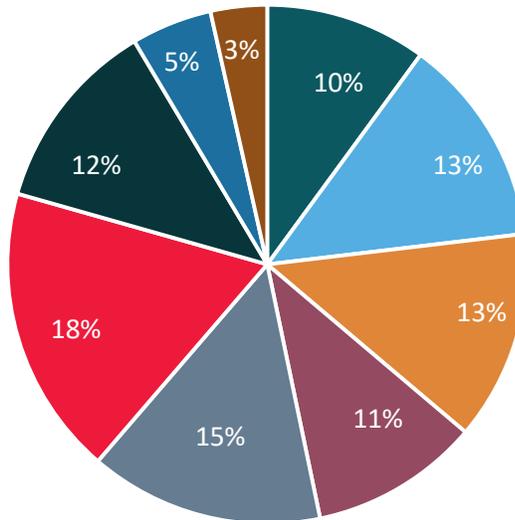
²⁵ <https://www12.statcan.gc.ca/census-recensement/2016>

2016 Hornepayne Population Distribution (High level summary)



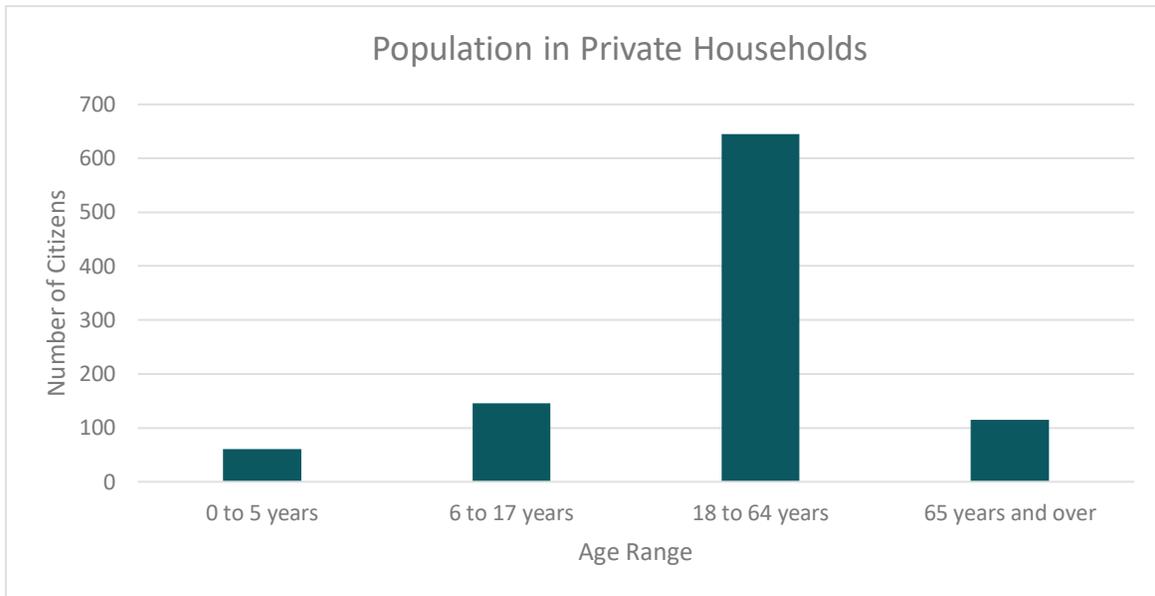
■ 0 to 14 years ■ 15 to 64 years ■ 65 years and over ■ 85 years and over

2016 Hornepayne Population Distribution (10 year cohorts)



■ 0 to 9 ■ 10 to 19 ■ 20 to 29 ■ 30 to 39 ■ 40 to 49 ■ 50 to 59 ■ 60 to 69 ■ 70 to 79 ■ 80+

Below is a chart outlining the number of individuals in the Hornepayne community that are in private households to whom low-income concepts are applicable as of 2015. 965 individuals are included in this analysis out of 980 total citizens in 2016.



**Graphed data retrieved from Statistics Canada Community Profiles 2016

Overall, the households of Hornepayne were owned/rented mainly by adults aged 45-64 at 52%, while seniors aged 65 and over and young adults aged 25-44 made up roughly 38% as of 2016²⁶. This leads to the assumption that younger adults are likely looking elsewhere for employment and living opportunities. Although the population of Hornepayne has decreased, so have the housing market offerings. Many homes have been lost, and there are several on schedule to be demolished. This is important to recognize when evaluating the population of the Township and understanding that the reduction of housing likely is impacting the number of people staying in, or moving to, Hornepayne.

Another market to consider also includes the increase in contractors coming into the Township. This has often included individual males that are regularly looking for solo rental units. It is clear that the need for bachelor rental housing will be present, and reaching transient workers will assist in understanding the demand for these units and reflect the need for rental opportunities.

Historical Analysis

In Ontario, it is projected that demand for rental apartments will continue to increase over the next 6 years, while the supply of projects are not expected to fully meet

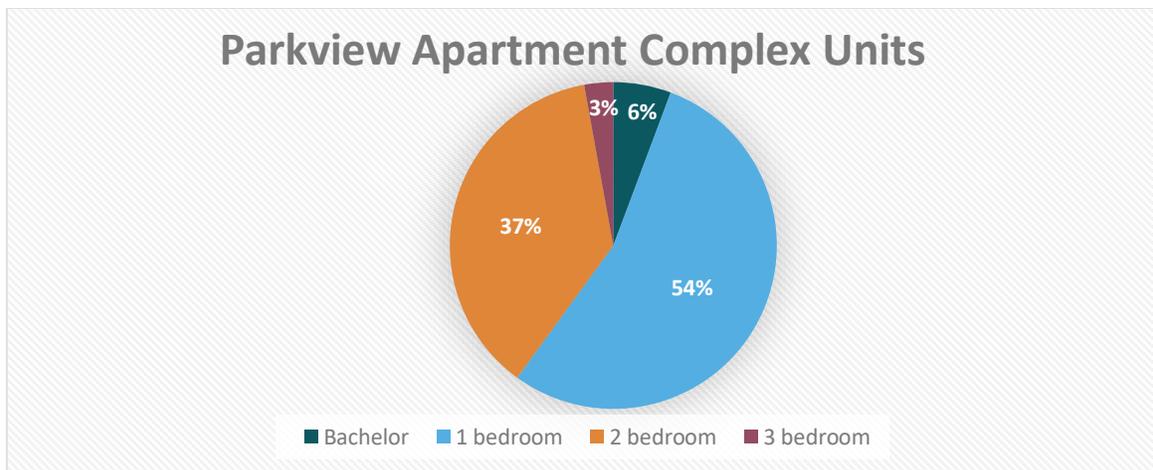
²⁶ <https://www.townshipofhornepayne.ca> - Housing Needs and Demand Study

demand due to the large increase in demand/needs²⁷. The increase has been clear since 2016, and by 2026, it is projected that the demand-supply gap will peak if there are no changes of increases in supply.

Parkview Apartment Complex Unit Summary		
Rent	Number of rooms	Rate (2020)
Bachelor	2	\$ 800
1 bedroom	9	\$ 900
2 bedroom	13	\$ 1,000
3 bedroom	1	\$ 1,250
ADSAB subsidized units	10	Varies

As of 2019, the average vacancy rate of rental units in Ontario was around 2%, with average rent of \$1,277 per month²⁸. Vacancy rates have decreased and remained low over the past decade, and rental prices have increased along with demand²⁹. In contrast, Parkview Apartment Complex historically runs at 80%-85% occupancy and has an average rental rate of \$988 between the 4 styles of rental units offered. Of the 35 units available, 10 are subsidized through ADSAB. It is important to note that there are limitations on increasing rental rates on those tenants that have been in units for 10+ years. When new renters sign a lease, a base rate can be set, but since that same inflation cannot be applied to all long-term tenants, some units are still \$50-\$100 under the 2020 rates.

Utilities are included in rental rates, which is a form of uncertainty as rates fluctuate with use, and with potential changes in pricing. Utilities are one of the more unpredictable aspects when evaluating the cost structure of the units, and should be considered in future inflation or rental rates.



²⁷ <https://www.frpo.org/wp-content/uploads/2018/02/Urbanation-Presentation-for-FRPO.pdf>

²⁸ <https://www03.cmhcschl.gc.ca/hmippimh/en/TableMapChart/Table?TableId=2.1.31.2&GeographyId=35&GeographyTypepId=2&DisplayAs=Table&GeographyName=Ontario>

²⁹ <https://assets.cmhc-schl.gc.ca/sf/project/cmhc/pubsandreports/rental-market-reports-major-centres/2018/rental-market-reports-abbotsford-68967-2018-a01-en.pdf?rev=e49eab68-bfab-4416-a37c-ed96c4a6891c>

As of 2016, the Township of Hornepayne did not have direct responsibility for housing, but has had consistent responsibility surrounding planning/regulatory tools including zoning and planning³⁰.

In the Township of Hornepayne, there is a clear lack of affordable housing options. The Parkview Apartment Complex was constructed in the 1980's, and there has not been any significant investment in affordable housing within the community since this time. There is little to no competition for the Parkview Apartment Complex, and there is economic uncertainty that limits investment in the area for anybody to build in Hornepayne at this time. The uncertainty has resulted in essentially zero investment in rental housing for many years.

In the past, the Township of Hornepayne, similar to other locations in Northern Ontario, has seen a period of economic transition³¹. This has led to some economic uncertainty, and required Hornepayne to reposition itself in order to take advantage of opportunities in business and investment to support economic growth. The financial summary provided by the Nuclear Waste Management Organization in the 2015 Community Profile developed for the Township of Hornepayne expresses that taxes, grants and user fees were main contributors to revenue, and the value of Hornepayne's revenue was lowest in 2012. The most significant operating expenditures for the Township of Hornepayne include salaries, wages and employee benefits, as well as contracted services³². The Township of Hornepayne has been actively working on employment retention and population growth, but it is important to take affordable housing options into consideration in order to support this potential growth. Between 2006 and 2016, Hornepayne has seen a decrease in rental housing units with low vacancy, signifying the need for rental housing³³.

³⁰ <https://www.townshipofhornepayne.ca> - Housing Needs and Demand Study

³¹ https://www.townshipofhornepayne.ca/UserFiles/Servers/Server_12408788/Image/Community%20Profile.pdf

³² https://www.townshipofhornepayne.ca/UserFiles/Servers/Server_12408788/Image/Community%20Profile.pdf

³³ <https://www.townshipofhornepayne.ca> - Housing Needs and Demand Study

SWOT

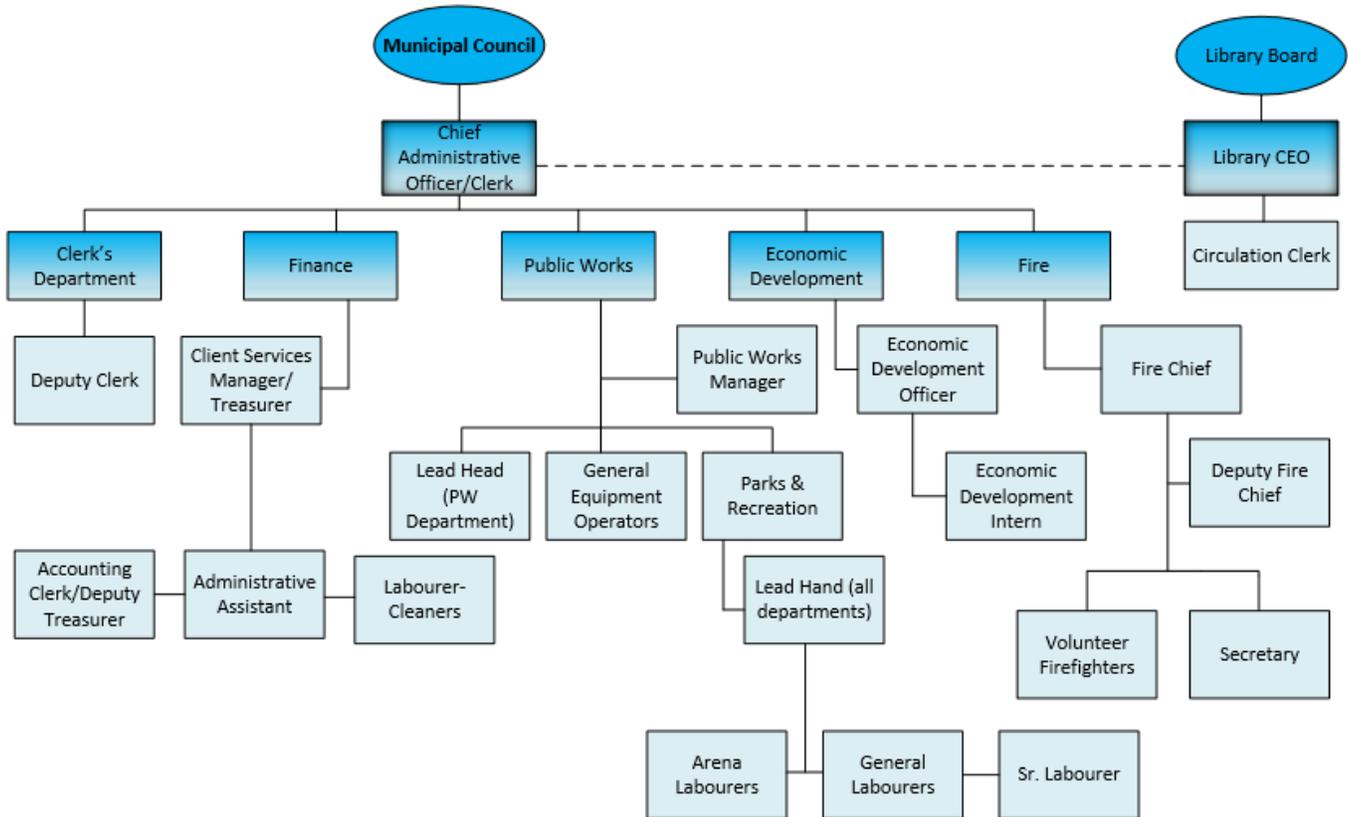
Strengths (+ internal)	Weaknesses (- internal)	Opportunities (+ external)	Threats (- external)
<ul style="list-style-type: none"> -Solidified relationship with HEDC -Processes and operating systems are already in place -Parkview Complex units are usually rented out and occupation rate is high - ADSAB Grants provided to subsidize portion of rental units -No major expenditures required over the next 5 years -Units desirable as utilities are included in monthly rent price -Housing Needs and Demand Study and Community Profile studies completed to support need for changes and growth 	<ul style="list-style-type: none"> - Old building (41 years) that may need general upkeep and improvements (e.g. energy efficiency and accessibility not within today's standards) - Lack of experience with running the facility - Lack of experience with running an MSC 	<ul style="list-style-type: none"> -Expansion/population growth due to increased job opportunities -Economic growth brings in new citizens to community. Supports the need for affordable housing -Operating under a municipal services corporation can increase opportunity and growth within the Township of Hornepayne -Apply to FCM funding in order to complete energy efficiency studies to improve energy efficiency and potential to qualify for grants to reduce carbon footprint - overall potential to reduce tax rates -Develop a reserve fund for the establishment of an EDF and economic development purposes after covering annual capital improvements and operations -Seek funding for the support of a continued Project Manager position -If more housing space becomes available, there is opportunity to look into commercial rental space within units 	<ul style="list-style-type: none"> -COVID-19 can affect the economy and housing market and ability for renters to afford housing or create another economic slump -Young adults leaving the community to better meet employment and/or social needs

GOVERNANCE AND MANAGEMENT

Governance

We understand the current governance structure of the Township of Hornepayne to be as follows:

Township of Hornepayne
Organizational Chart – May 2020



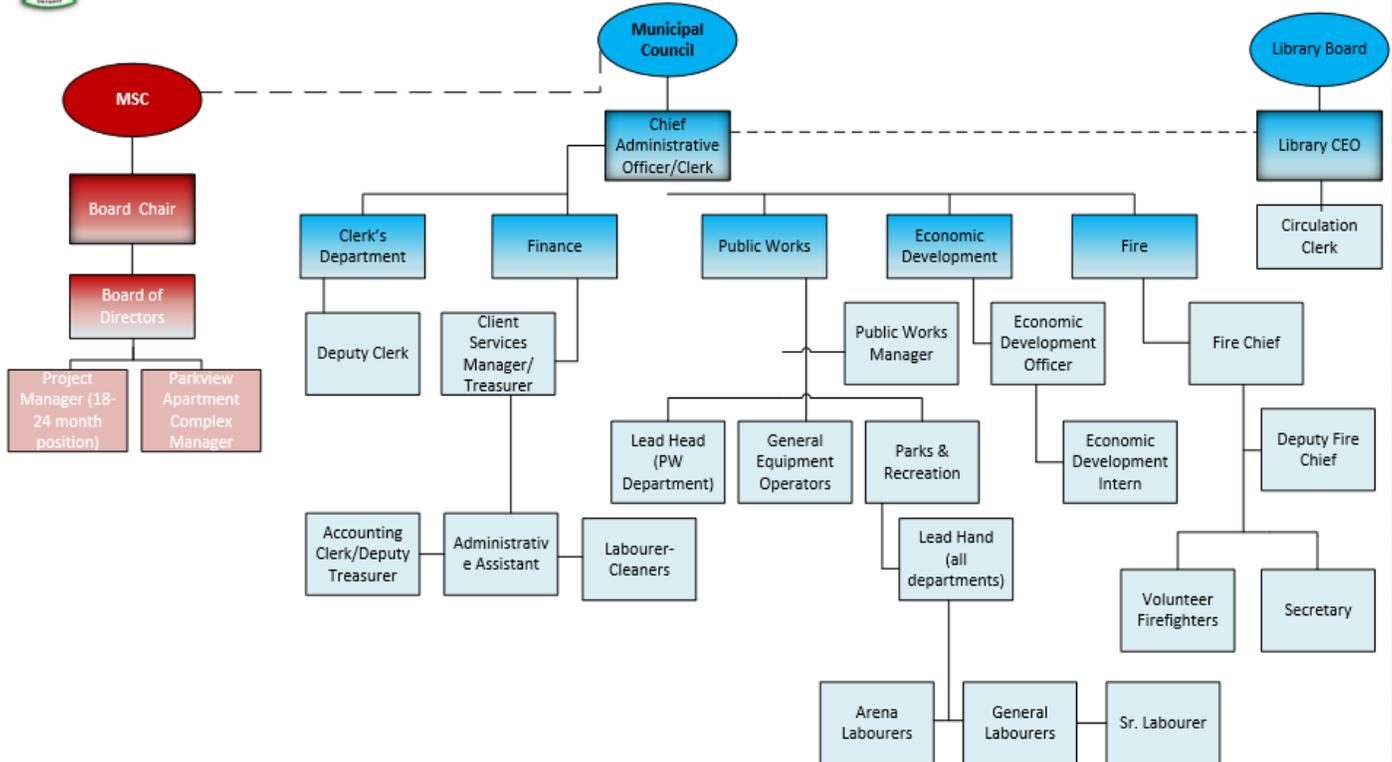
Moving forward with the MSC, the Township will retain complete ownership of the corporation and the Township of Hornepayne will be the sole shareholder. As per Section 196 of the Municipal Act, it is up to the discretion of the Municipality to determine the initial composition of the Board of Directors. In terms of keeping Council informed as the sole shareholder, it is up to the Municipality to determine whether they will be informed through regular reporting, or if they would prefer to have a Council member on the Board of Directors to act as the informative link between the MSC and Municipal Council. In addition, the Chair of the Board will be selected by the Shareholder, and the Board will play a role in decision making and governance. The Board may become responsible for increased oversight and decision making in the event that the Project Manager position is not extended past the original employment term.

In order to develop a MSC under O. Reg. 599/06 (See Appendix B), municipalities must:

- Develop a business case study for the proposed MSC
- Consult with the Community about the plan - plan to be shared with Community members
- Adopt and maintain policies with respect to the transferring of assets - with respect to the Municipal Act and any land transfer tax liability



**The Township of Hornepayne
Projected Organizational Chart - DRAFT**



The Municipal Services Corporation will be solely owned by the Municipality. Note that the dotted line connecting Municipal Council to the MSC in the diagram above indicates the ownership, while recognizing that Council is not the decision-making authority for the corporation. The MSC will develop a Board of Directors that will be responsible for governance of operations, and as mentioned above, the Municipal /Council will decide if a Council member is part of the Board.

The Municipality will be responsible for deciding the number of members they would like on the Board initially; it is recommended that an uneven number of members are selected in order to break any voting ties. Some general policies that should be adopted and developed for the MSC include:

- Financial policies
- Human Resource Practices/regulations
- Operations and Programs

- Asset Management Strategies
- Standard Operating Procedures

As under O. Reg. 599/06, with the acquisition of assets, the MSC will need to take over any existing policies from the EDC. In the case of this first project, the Parkview Apartment Complex, existing policies from the EDC will apply.

It is important as governing and oversight bodies that strategic goals and objectives are set by the MSC for each individual project taken on by the MSC after which the proper policies to achieve those goals can be created. After that, a strong management is appointed and allowed to make the day-to-day decisions without interference, as long as they are working within the policy and meeting the objectives set.

Human Resources Overview

Presently, it is estimated that the Hornepayne MSC supports one full-time equivalent job in order to manage the Parkview Apartment Complex in the form of a Superintendent. It is also anticipated that the MSC will support a Project Manager for 18 months in order to complete the transfer process and create a plan for future projects and opportunities.

Management

Subsequent to initial start-up, the key to success of this is a Superintendent and Project Manager who will work with, and for, the Board of Directors to make necessary changes/innovate, invest time and grow the business, while avoiding the push and pull from the various political entities.

Key Management Positions (at start up)

Superintendent (Parkview Apartment Complex)

Reporting to the Corporation Board

Responsibilities

- Attracting and screening tenants
- Monitoring maintenance and repairs
- Daily operations (handling questions and complaints from tenants)
- Maintain knowledge of Residential Tenancies Act
- Managing and maintaining financial records
- Collecting and depositing payments

Requirements and Qualifications

- At least 2 years previous property management experience;
- Outstanding leadership and organizational skills;
- Excellent customer service skills;

- Thorough understanding of Residential Tenancies Act, policies and practices;
- Must be available days, evenings, and weekends
- A diploma or degree in business or real estate would be an asset;

Project Manager (18 month position)

Reporting to the Corporation Board, See Appendix D for a draft of the formal job description.

Responsibilities

- In collaboration with the Chair, develop the annual business plan, the capital and operating budgets for Parkview Apartment and the MSC;
- Manage revenue and expenditure targets;
- Analyze budget figures, review trends to direct appropriate expenditures and control costs;
- Set annual MSC objectives which are consistent with the corporate Strategic Plan, Strategic Plan of Council, Housing Needs and Demand Study and any other relevant plans;
- Implement/coordinate the MSC business plans in a timely and proactive manner and meet the goals, objectives and the determined performance metrics of the MSC;
- Manage, direct and oversee the MSC, including the efficient operation of Parkview Apartments and other assets;
- Manage the implementation of short and long-term strategies in the areas of asset management, maintenance programs, building operations, energy and engineering management services, and compliance with applicable facility construction legislation, codes, and guidelines.

Requirements and Qualifications

- Post-secondary education in related field;
- Minimum of 5 years' experience in an Economic Development environment in progressively responsible roles in Project Management, Strategic Planning, Program Delivery, Business Management and Housing; or an equivalent combination of related education and experience that is acceptable to the Township.
- Strong project management skills;
- Experience with engagement strategies and working with stakeholders;
- Excellent verbal communication skills (English), particularly community engagement and facilitation skills;
- Excellent written skills (English);
- Demonstrated ability to meet timelines;
- Ability to create/align with goals and objectives;

- Ability to create/follow plans and processes accordingly, to deliver task and goal completion to a high standard;
- Understanding of Strategic Plan, Housing Needs and Demand Study and MSC Business Case as well as other municipal planning documents
- Strong customer service, interpersonal, consultative, conflict resolution, negotiation, problem-solving, and analytical skills;
- Proficiency in Microsoft Office including Word, Excel, Power Point and Outlook;
- Valid Ontario Driver's License

OPERATIONS

Location

The MSC Board will meet within Parkview Apartment Complex available space located at 220 Front Street, Hornepayne, Ontario. The Superintendent will also be located in the apartment complex.

Corporate Advisors

Legal	Wishart Law Firm 390 Bay Street Suit 500 Sault Ste. Marie, Ontario P6A 1X2 Contact Name: Steven Shoemaker Contact Number: (705) 949-6700
Accounting & Advisory	BDO Canada LLP 747 Queen St E. Sault Ste. Marie, Ontario, P6A 2A8 Contact Name: Nathan Dool Contact Number: (705) 941-5154
Banking	Name: Northern Credit Union 84 Front St. Hornepayne, Ontario P0M 1Z0

Insurance

Insurance for the property has been approximately \$9,000 annually, but has seen around a 15% increase in 2020. This increases the estimated annual insurance to approximately \$10,350 plus inflation annually.

Human Resources / Staffing Requirements

OVERALL PAYROLL EXPENDITURES			
Staff	Number Required	Wage/Salary (\$)	Annual Wage/Salary
Superintendent	1	\$50,000/year	\$50,000
Project Manager (18 month contract)	1	\$66,667/year	\$66,667
TOTAL SALARIES AND WAGES EXPENSE			\$116,667

Infrastructure Requirements

In the next 5 years, there are no anticipated major expenditures needed on the building. Note that there may be a desire for upgrades to the current apartment complex, however there is no current pressing need at this time. There has been general updating (painting, flooring etc.) of apartments as they come available.

Based on a 2020 audit completed by Totten Insurance Group, there are several recommendations that fall in the 'Important' category, meaning they are not critical but should be addressed (See Appendix C) Below is a summary of the 4 main recommendations:

- No GFCI protection: Ground Fault Circuit Interrupter protection should be provided to all outlets within 5 feet of water sources
- Fire extinguishers lack of annual servicing: Portable extinguisher was past due for service and should be tested every 12 months.
- Washing machine rubber hose lines damage: Rubber water lines are susceptible to failure and could lead to water damage, thus they should be replaced with stainless steel.
- Dryer vent piles safety: Currently equipped with foiled plastic vents, which can accumulate lint and therefore should be replaced with a rigid/semi-rigid dryer vent pipes.

There is intention to apply to the Federation of Canadian Municipalities for Planning or Study Grants to perform both an energy audit and an accessibility audit in preparation for application to FCM's capital fund once design plans have been completed. Tasks prior to that should include, but not be limited to, providing information related to assessing: the R value of insulation in walls and ceiling, age of windows/doors, baseboard or gas boiler heating considerations, siding style (if any), and if there are any basement units.

Capital Plan

Following is a listing of capital items required to achieve the financial results projected herein:

The financial projections are based on the assumption that expansion funding will be obtained for capital costs. Following are preliminary cost estimates for the capital items identified:

• Working Capital Requirements*	\$15,000
• Legal Fees	\$5,000
• Total Capital Costs	<u>\$20,000</u>

*Requirement not confirmed, dependent on building transfer and may vary

MARKETING

Market

The current client base consists of those looking for housing in the Hornepayne region, and can range from individuals to families of 4-5. Under the direction of the Project Manager, a marketing/communications strategy that aligns with the Municipality's strategies will be established. Note that the Project Manager will be responsible for developing a formal marketing plan as part of the 18-month contract.

Website:

- Create a resource where individuals can gain information about the MSC and available rental unit. This site should be monitored and updated by the Project Manager. This can be accomplished by:
 - Create a page that is updated regarding MSC services and housing opportunities (potentially through the current township site)
 - Provide links and contact information for individuals to utilize
 - Include basic information on available units/upcoming availability
 - Link to members of the Board of Directors and meeting minutes
 - Provide a source for community members to submit questions and provide feedback/recommendations

Social Media:

- Create a Social Media Presence for the MSC (e.g. Facebook and/or Instagram accounts):
 - Create posts regarding MSC services and housing opportunities
 - Provide links and contact information for individuals to utilize
 - Highlight New Programs, Services & Successes

Word of Mouth:

- Create a strong reputation for providing excellent customer service and ensure the rental units are desirable and affordable. This can be accomplished by:
 - Strong tenant relationships
 - Consistent upkeep and maintenance of the rental units
 - Knowledge of available units

FINANCIAL PLAN

The financial plan is the major section in the business planning document. It appears at the end since it applies a value to all activities outlined above, thereby allowing the business owner to forecast cash and debt requirements to reasonably bring the plan to fruition. It allows the proponent to set achievable targets or benchmarks that indicate whether the business is on track or whether adjustments should be made.

Funding/Financing:

Financial Contributions and Expenditures

Project Capital Contributions (HEDC Transfer)

- | | |
|------------------------------|------------------|
| • DSSAB Deferred Grant | \$143,520 |
| • Rental Deposits | \$6,880 |
| • Northern Credit Union Loan | \$43,986 |
| • Nord-Aski Loan | <u>\$155,615</u> |

Total Project Capital Contributions \$350,000

Project Capital Expenditures

- | | |
|---------------------------|---------------|
| • Land | \$10,000 |
| • Building | 320,000 |
| • Equipment and Furniture | <u>20,000</u> |

Total Capital Expenditures \$350,000

Term Sheet

- Long-term debt needs during the projection period will consist of the following:
 - Nord-Aski Loan - \$155,615 remaining in loan transferred from HEDC as of January 1, 2021. Payments of \$1,881 will be made monthly including 7.25% interest and has approximately 10 years remaining.
 - Bank Loan - \$43,986 remaining on loan transferred from HEDC as of January 1, 2021. Monthly payments of \$1,720 will be made including 5.25% interest and has approximately 2 years remaining.

- DSSAB Deferred Grant - Provided in full, to HEDC, under agreement that \$12,500 will be utilized annually to subsidize the 10 rental units in the Parkview Apartment Complex that are classified as low-income units.

See Appendix A for detailed financial projections

IMPLEMENTATION PLAN - TIMELINE

The project will be completed as follows:

Task	Timeframe
Business Plan Development	• July 2020 - October 2020
Mayor and Council Consultation	• November 2020
Business Plan Completed	• November 2020

Once funding and financing approvals are obtained, all time frames that follow are in months after approval:

- Start Up - 6 months

Task	Timeframe
Community Consultation	• December 2020 - January 2021
Approve MSC development	• January - February 2021
Work with Council to identify key action items of MSC in relation to strategic plan	• January - February 2021
Project Manager Hire	• January 2021
Adopt policies with respect to asset transfer	• February - March 2021
Develop Board of Directors	• February - March 2021
Transfer of ownership/assets	• March - April 2021

- Operation - Years 1 to 5

Task	Timeframe
Make necessary infrastructure updates	• Annually

Goals and Objectives set by Board and Project Manager	<ul style="list-style-type: none">• Annually (Year 1 and 2)
Develop and offer new housing units	<ul style="list-style-type: none">• Annually (Year 3 to 5)

A more detailed implementation plan will be developed with Project Manager as funding/financing is confirmed and supplier relationships are established.

CONCLUSION

The Township of Hornepayne and community partners are driven to achieve long-term success for the community and will work together to achieve housing goals. The supporters are committed to following this plan to ensure long-term sustainability. The key to being successful through the MSC is long-term sustainability, and it is essential to ensure that the market needs are being addressed. As with any plan, if any of these major assumptions or implementation items are not achieved, it could jeopardize the viability of the project and as such support from their lenders and communities as requested herein is essential for success.

APPENDICES

Appendix A - Financial Projections

Financial Projection for Hornepayne Municipal Service Corporation

For the First Five Years of Operations

(Unaudited - See Notice to Reader)

Notice to Reader	2
Financial Statements	
Projected Balance Sheets	3
Projected Statements of Operations and Retained Earnings	4
Projected Statements of Cash Flows	5
Summary of Significant Accounting Policies	6
Hypothesis of Financial Projection	8
Notes and Significant Assumptions to Financial Projection	9



Notice to Reader on the Compilation of a Financial Projection

To Mayor and Council:

We have compiled the financial projection of Hornepayne Municipal Service Corporation, consisting of projected balance sheets, statements of operations and retained earnings and cash flows for the next five years of operations. The financial projection has been prepared using assumptions, including hypotheses, with an effective date of October 5, 2020 and other information provided by management. Our engagement was performed in accordance with the applicable guidance on compilation of a financial projection issued by CPA Canada.

A compilation is limited to presenting, in the form of a financial projection, information provided by management and does not include evaluating the support for the assumptions, including hypotheses, or other information underlying the projection. Accordingly, we do not express an opinion or any other form of assurance on the financial projection, assumptions or hypotheses. Further, since this financial projection is based on assumptions, including hypotheses, regarding future events, actual results will vary from the information presented even if the hypotheses occur and the variations may be material. We have no responsibility to update this communication for events and circumstances occurring after the date of this communication.

This communication is intended to be used solely for the Corporation of the Township of Hornepayne, Hornepayne Municipal Service Corporation, or Financial Institutions and is not to be distributed to any party other than those identified without prior written permission.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
October 5, 2020

Hornepayne Municipal Service Corporation (MSC)

**Projected Balance Sheets
Based on Management Estimates**

(Unaudited - see Notice to Reader and Significant Assumptions and Accounting Policies)

As at December 31, 2020	Notes	Opening 2020	2021	2022	2023	2024	2025
Assets							
Current Assets							
Accounts Receivable							
Cash		\$ 0	\$ 38,118	\$ 58,927	\$ 85,862	\$ 107,807	\$ 117,756
Capital Assets		\$ 350,000	\$ 333,200	\$ 317,712	\$ 303,356	\$ 289,983	\$ 277,473
		<u>\$ 350,000</u>	<u>\$ 371,318</u>	<u>\$ 376,639</u>	<u>\$ 389,218</u>	<u>\$ 397,790</u>	<u>\$ 395,228</u>
Liabilities and Shareholder's Equity							
Current Liabilities							
Demand Loans	2	\$ 199,600	\$ 169,125	\$ 136,774	\$ 117,905	\$ 103,406	\$ 87,820
Accounts payable and accrued liabilities	1	\$ 6,880	\$ 17,008	\$ 17,865	\$ 18,820	\$ 19,887	\$ 21,089
		<u>206,480</u>	<u>186,133</u>	<u>154,640</u>	<u>136,725</u>	<u>123,293</u>	<u>108,909</u>
Deferred Algoma District Services Administration Board Contribution for capital improvements		\$ 143,520	\$ 131,020	\$ 118,520	\$ 106,020	\$ 93,520	\$ 81,020
		<u>\$ 350,000</u>	<u>\$ 317,153</u>	<u>\$ 273,160</u>	<u>\$ 242,745</u>	<u>\$ 216,813</u>	<u>\$ 189,929</u>
Net Assets							
Unrestricted net assets		-	54,165	103,479	146,473	180,977	205,300
		<u>\$ 350,000</u>	<u>\$ 371,318</u>	<u>\$ 376,639</u>	<u>\$ 389,218</u>	<u>\$ 397,790</u>	<u>\$ 395,229</u>

Hornepayne Municipal Service Corporation (MSC)

Projected Statements of Operations

Based on Management Estimates

(Unaudited - see Notice to Reader and Significant Assumptions and Accounting Policies)

For the year ended December 31	Notes	2021	2022	2023	2024	2025
Revenue						
Apartment Complex Revenue						
Rental Income	4	\$ 325,299	\$ 328,552	\$ 331,837	\$ 335,156	\$ 338,507
Project Manager Funding		\$ 66,667	\$ 33,333			
Algoma District Services Administration Board		\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500
		<u>\$ 404,466</u>	<u>\$ 374,385</u>	<u>\$ 344,337</u>	<u>\$ 347,656</u>	<u>\$ 351,007</u>
Expenses						
Wages and benefits - Project Manager	3	\$ 66,667	\$ 33,333			
Apartment Complex Expenses						
Advertising and marketing	3	\$ 200	\$ 206	\$ 212	\$ 219	\$ 225
Amortization	3	\$ 16,800	\$ 15,488	\$ 14,356	\$ 13,373	\$ 12,510
Insurance	3	\$ 10,350	\$ 10,661	\$ 10,980	\$ 11,310	\$ 11,649
Interest on demand loan	2	\$ 12,740	\$ 10,865	\$ 9,133	\$ 8,073	\$ 6,986
Office supplies	3	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Professional fees	3	\$ 6,000	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753
Property Taxes	3	\$ 32,422	\$ 33,395	\$ 34,396	\$ 35,428	\$ 36,491
Repairs and maintenance	3	\$ 25,000	\$ 30,000	\$ 36,000	\$ 43,200	\$ 51,840
Telephone and internet	3	\$ 3,621	\$ 3,693	\$ 3,767	\$ 3,843	\$ 3,919
Utilities - Power	3	\$ 98,000	\$ 100,940	\$ 103,968	\$ 107,087	\$ 110,300
Utilities - Water	3	\$ 27,000	\$ 27,810	\$ 28,644	\$ 29,504	\$ 30,389
Wages and benefits	3	\$ 50,000	\$ 51,000	\$ 52,020	\$ 53,060	\$ 54,122
		<u>\$ 350,300</u>	<u>\$ 325,071</u>	<u>\$ 301,343</u>	<u>\$ 313,152</u>	<u>\$ 326,684</u>
Surplus (loss) for the year		\$ 54,165	\$ 49,314	\$ 42,994	\$ 34,503	\$ 24,323
Unrestricted Net Assets, beginning of year		\$ -	\$ 54,165	\$ 103,479	\$ 146,473	\$ 180,977
Unrestricted Net Assets, end of year		<u>\$ 54,165</u>	<u>\$ 103,479</u>	<u>\$ 146,473</u>	<u>\$ 180,977</u>	<u>\$ 205,300</u>

Hornepayne Municipal Service Corporation (MSC)
Projected Statements of Cash Flow
Based on Management Estimates
(Unaudited - see Notice to Reader and Significant Assumptions and Accounting Policies)

For the years ended December 31, 2020	Notes	2020	2021	2022	2023	2024	2025
Cash provided (used) during period:							
Operating activities							
Net income/loss		\$ -	\$ 54,165	\$ 49,314	\$ 42,994	\$ 34,503	\$ 24,323
Changes in non-cash working capital							
-accounts receivable		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-accounts payable			\$ 10,128	\$ 858	\$ 954	\$ 1,068	\$ 1,202
Amortization of capital grant			\$ (12,500)	\$ (12,500)	\$ (12,500)	\$ (12,500)	\$ (12,500)
Amortization		\$ -	\$ 16,800	\$ 15,488	\$ 14,356	\$ 13,373	\$ 12,510
		<u>\$ -</u>	<u>\$ 68,593</u>	<u>\$ 53,160</u>	<u>\$ 45,805</u>	<u>\$ 36,444</u>	<u>\$ 25,535</u>
Investing activities							
property, plant and equipment		\$ (350,000)	\$ -	\$ -	\$ -	\$ -	\$ -
		<u>\$ (350,000)</u>	<u>\$ -</u>				
Financing activities							
Equity contribution							
Obtained Debt		\$ 350,000					
Repaid debt	2		\$ (30,475)	\$ (32,350)	\$ (18,869)	\$ (14,499)	\$ (15,586)
		<u>\$ 350,000</u>	<u>\$ (30,475)</u>	<u>\$ (32,350)</u>	<u>\$ (18,869)</u>	<u>\$ (14,499)</u>	<u>\$ (15,586)</u>
Increase (decrease) in cash for the year		\$ -	\$ 38,118	\$ 20,809	\$ 26,935	\$ 21,944	\$ 9,949
Cash (indebtedness), beginning of year		\$ -	\$ -	\$ 38,118	\$ 58,927	\$ 85,862	\$ 107,807
Cash (indebtedness), end of year		<u>\$ -</u>	<u>\$ 38,118</u>	<u>\$ 58,927</u>	<u>\$ 85,862</u>	<u>\$ 107,807</u>	<u>\$ 117,756</u>

Hornepayne Municipal Services Corporation

Financial Projection
Summary of Significant Accounting Policies
(Unaudited - See Notice to Reader)

Financial Projection

The accompanying financial projection has been prepared using assumptions, including hypotheses that to the best of management's knowledge and belief reflect the businesses most likely sequence of events for the projection period, based on circumstances and constraints existing as at October 5, 2020.

It should be understood by the reader that in some cases the timing of revenues, expenses, cash flows and capital expenditures may not be perfectly aligned with actual events. However, for practical purposes these projections have been simplified with an objective of ease of use and understanding. It is important to consider that the financial data presented is intended to provide the reader with an understanding of future operations on an annual basis and the ability of the corporation to service debt. Accordingly, actual results will vary from those projected.

Nature of Business

The Township of Hornepayne is looking to develop a Municipal Services Corporation (MSC) and take possession of the Parkview Apartment Complex from the Hornepayne Economic Development Corporation (HEDC). This would require the development of a corporation whose shares are solely owned by the municipality. This process will include transferring ownership of the complex into a newly created MSC, which will be the basis for future development of residential housing in the community. The process will allow for the Township of Hornepayne to develop a corporation that can support the community through service offerings. More specifically, the intent of this project is to improve the housing within the community and ensure sufficient housing is available to support needs and demand.

Division of Municipal Service Corporation

It is important that the user of these financial projections be mindful that the projections depict only the financial position, operations, and cash flow, specific to the Municipal Service Corporation. The user must consider that the MSC will operate separately from the Corporation of the Township of Hornepayne, which generates revenue, expenses, and income in addition to that reflected herein.

Basis of Accounting

The financial statements have been prepared in accordance with public accounting standards (PSAB).

Revenue and Expense Recognition

Hornepayne Municipal Service Corporation recognizes revenue and expenses on the accrual basis of accounting.

Hornepayne Municipal Services Corporation

Financial Projection
Summary of Significant Accounting Policies
(Unaudited - See Notice to Reader)

Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated amortization. Amortization is based on the estimated useful life of the asset, on a diminishing balance basis, as follows:

- Computer hardware 0%
- Land 0%
- Building 4%
- Furniture & Equipment 20%

Hornepayne Municipal Service Corporation

Financial Projection
Notes and Significant Assumptions to Financial Projection
(Unaudited - See Notice to Reader)

Hypotheses

The financial projection has been prepared based on the following hypotheses that Hornepayne Municipal Service Corporation will assume a Nord-Aski loan in the remaining amount of \$155,615, and a Northern Credit Union loan in the remaining amount of \$43,986 towards the acquisition of a 35 unit apartment complex. Contributions to this project and related expenditures are anticipated to be as follows:

Project Capital Contributions

- DSSAB Deferred Grant \$143,520
- Rental Deposits \$6,880
- Northern Credit Union Loan \$43,986
- Nord-Aski Loan \$155,615

Total Project Capital Contributions \$350,000

Project Capital Expenditures

- Land \$10,000
- Building 320,000
- Equipment and Furniture 20,000

Total Capital Expenditures \$350,000

Hornepayne Municipal Service Corporation will achieve revenue assumptions consistent with existing demand for rental units (see note 4) with respect to occupancy, rental rates and demand/supply. These assumptions are based on data from the Parkview Apartment Complex historical data and rental market historical data and projections. Expense assumptions are based on local data and historical information as communicated by the HEDC.

The surplus included in these projected financial statements is using the assumption that the only housing asset owned by the Municipal Service Corporation is the apartment building. The long-term goal of the MSC is for it to own a number of properties, and the current projected surplus is only considering the operation of the Parkview Apartment Complex. Therefore, the surplus projected should be considered the minimum amount to be earned by the MSC over the period.

Hornepayne Municipal Service Corporation

Financial Projection Notes and Significant Assumptions to Financial Projection (Unaudited - See Notice to Reader)

1. Accounts Payable

Accounts payable have been estimated, assuming all outstanding balances will be received/paid within 30 days.

2. Long Term Debt

Long term debt consists of a mortgage from Northern Credit Union and a Nord-Aski loan, to be obtained from the HEDC transfer, in the amount of \$199,601. The NCU loan will be repayable in monthly installments of \$1,720, including principal and interest at 5.25%, and should be fully repaid in 2022. The Nord-Aski loan will be repayable in monthly installments of \$1,881, including principal and interest at 7.25% with approximately 10 years left until repayment is complete. Note the change in repaid debt between 2022 and 2023, due to the completed repayment of the NCU loan.

3. Operating Expenses

Unless otherwise noted, operating expenses have been estimated based upon information provided by management, historical information, and consultation with the Township of Hornepayne and a comparison to similar operations.

Following is a summary of the assumptions, which have been developed from this information:

Project Manager Wages and Benefits	\$66,667 per year
Advertising and Marketing	\$200 + 3% inflation per year
Amortization	Building and Equipment/Furniture
Insurance	\$10,350 + 3% Inflation per year
Interest on Demand Loan	Nord-Aski + NCU payments
Office Supplies	\$1,500
Professional Fees	\$6,000 + 3% inflation per year
Property Taxes	\$32,422 + 3% inflation per year
Repairs & Maintenance	\$25,000 + 20% per year
Telephone and Internet	\$3,621 + 2% inflation per year
Utilities - Power	\$98,000 + 3% inflation per year
Utilities - Water	\$27,000 + 3% inflation per year
Wages & Benefits	\$50,000 + 2% inflation per year

4. Rental Demand

The historical and current housing demand for the Parkview Apartment Complex is at 80%-85% capacity. Current rental rates are between \$800-\$1,250 monthly dependant on the type of unit (bachelor, 1, 2 or 3 bedroom).

Appendix B - Municipal Services Corporation O. Reg. 599/06

*All below information retrieved from <https://www.ontario.ca/laws/regulation/060599/v10> under Municipal Act, 2001, S.O. 2001, C.25

Definitions

1. In this Regulation,

“private person” means a person who is not a municipality, the Province of Ontario, Canada or an agent of any of them; (“personne privée”)

“public sector entity” means,

- (a) a municipality,
- (b) the Crown in right of Ontario,
- (c) the Crown in right of Canada, or
- (d) a combination of them; (“entité du secteur public”)

“wholly-owned corporation” means,

- (a) a corporation all of whose shares are owned by a municipality or by a municipality and one or more other public sector entities, and
- (b) a corporation in which a municipality, by itself or together with one or more other public sector entities, has an entitlement to all of the voting rights allocated to the members of the corporation. (“personne morale en propriété exclusive”) O. Reg. 599/06, s. 1.

Exercise of s. 203 (1) powers

2. (1) A municipality in exercising the powers referred to in subsection 203 (1) of the Act in relation to a corporation shall do so in accordance with this Regulation. O. Reg. 599/06, s. 2 (1).

(2) Sections 7, 13, 14 and 15 apply to a municipality in relation to a corporation only if the municipality uses or expects to use a power referred to in section 3 or subsection 4 (2), (3) or 5 (1) in relation to the corporation. O. Reg. 599/06, s. 2 (2); O. Reg. 25/15, s. 1.

(3) Sections 17 to 22 apply to a corporation only if a municipality uses or expects to use a power referred to in section 3 or subsection 4 (2), (3) or 5 (1) in relation to the corporation. O. Reg. 599/06, s. 2 (3).

GENERAL POWERS IN RELATION TO CORPORATIONS FOR MUNICIPALITIES

Power to establish corporations

3. A municipality may use the power referred to in paragraph 1 of subsection 203 (1) of the Act to establish a corporation only if the municipality by itself, or together with one or more other public sector entities, establishes the corporation and,

- (a) the corporation's purpose is to provide a system, service or thing that the municipality itself could provide; or
- (b) the establishment of the corporation is expressly authorized by this Regulation. O. Reg. 599/06, s. 3.

Powers in relation to incorporators, members, directors, officers

4. (1) A municipality may use the powers referred to in paragraph 2 of subsection 203 (1) of the Act to nominate or authorize a person to act as a director or officer of a corporation in relation to any corporation whether incorporated under this or any other Act. O. Reg. 599/06, s. 4 (1).

(2) A municipality may use the power referred to in paragraph 2 of subsection 203 (1) of the Act to nominate or authorize a person to act as an incorporator of a corporation only if the corporation is one the municipality may establish under this Regulation. O. Reg. 599/06, s. 4 (2).

(3) A municipality may use the power referred to in paragraph 2 of subsection 203 (1) of the Act to nominate or authorize a person to act as a member of a corporation only if the corporation is established by a public sector entity and it carries on business in the municipality or in the municipality and another municipality. O. Reg. 599/06, s. 4 (3).

Powers in relation to securities of corporations

5. (1) Subject to section 14 of this Regulation, a municipality may use the powers referred to in paragraphs 4 and 5 of subsection 203 (1) of the Act to acquire, hold, dispose of, guarantee and otherwise deal with securities of a corporation only if the corporation is established by a public sector entity and the corporation carries on business in the municipality or in the municipality and another municipality. O. Reg. 599/06, s. 5 (1).

(2) Nothing in this Regulation restricts the powers of a municipality to provide assistance under an exception to subsections 106 (1) and (2) of the Act, make a grant under section 107 of the Act, or make an investment or undertake other financial activities under Part XIII of the Act. O. Reg. 599/06, s. 5 (2).

DUTIES OF MUNICIPALITY

Business case study

6. A municipality shall adopt a business case study before it uses the powers referred to in section 3, 4 or 5 to,

- (a) establish a corporation either alone or with one or more other public sector entities;
- (b) purchase securities in a corporation established by one or more public sector entities other than the municipality;
- (c) become a member of a corporation established by one or more public sector entities other than the municipality; or
- (d) submit, with respect to a corporation for which a study was undertaken under clause (a), (b) or (c), or cause a corporation for which a study was undertaken under clause (a), (b) or (c) to submit, articles of amendment or any other articles or supplementary letters patent. O. Reg. 599/06, s. 6.

Asset transfer policies

7. (1) A municipality shall adopt and maintain policies on asset transfers to corporations. O. Reg. 599/06, s. 7 (1).

(2) A municipality shall not transfer any of its assets to a corporation before the municipality adopts the policies referred to in subsection (1). O. Reg. 599/06, s. 7 (2).

Public participation

8. Before establishing a corporation under section 3, a municipality shall consult with the public about the proposal to establish the corporation. O. Reg. 599/06, s. 8.

Economic development corporations

9. (1) If a municipality establishes a corporation for the sole purpose of providing one or more economic development services, the municipality may also designate the corporation as a designated economic development corporation. O. Reg. 599/06, s. 9 (1).

(2) Despite section 21 of this Regulation, if a municipality designates a corporation under subsection (1), the corporation is a local board of the municipality for the purposes of section 326 of the Act. O. Reg. 599/06, s. 9 (2).

(3) Economic development services provided by and for the purposes of a corporation designated by a municipality under subsection (1) are prescribed as special services for the purposes of clause 326 (1) (a) of the Act. O. Reg. 599/06, s. 9 (3).

(4) In this section,

“economic development services” means,

- (a) the promotion of the municipality for any purpose, including by the collection and dissemination of information and the development of economic development strategic plans,

- (b) the acquisition, development and disposal of sites in the municipality for residential, industrial, commercial and institutional uses,
- (c) provision of public transportation systems,
- (d) provision of residential housing,
- (e) provision of general parking facilities,
- (f) providing a counselling service to or encouraging the establishment and initial growth of small businesses operating or proposing to operate in the municipality,
- (g) undertaking community improvement consistent with a community improvement plan approved by the municipality under subsection 28 (4) of the *Planning Act*,
- (h) improvement, beautification and maintenance of municipally-owned land, buildings and structures in an area designated by the municipality beyond the standard provided at the expense of the municipality generally, and promotion of any area of the municipality as a business or shopping area,
- (i) provision of facilities for amusement or for conventions and visitors' bureaus,
- (j) provision of culture and heritage systems. O. Reg. 599/06, s. 9 (4).

Holding corporations

10. (1) A municipality may use the powers referred to in paragraphs 1 to 5 of subsection 203 (1) of the Act in relation to a corporation incorporated for the purpose of holding shares in one or more other corporations only if,

- (a) the corporation is established by the municipality or the municipality and one or more other municipalities;
- (b) the articles of incorporation of the corporation restrict the ownership of any and all voting and non-voting shares in the corporation to the municipality or to the municipality and one or more other municipalities; and
- (c) the articles of incorporation of the corporation restrict the powers of the corporation to those necessary to acquire, hold, dispose of and otherwise deal with,
 - (i) shares of one or more corporations established under any Act by the municipality,
 - (ii) shares of one or more corporations established under any Act by another municipality that the municipality has agreed to allow to carry on business in the municipality, or
 - (iii) any combination of shares described in subclauses (i) and (ii). O. Reg. 599/06, s. 10 (1).

(2) In subclauses (1) (c) (i) and (ii),

“corporation” means a corporation other than a corporation established by a municipality for the purpose of holding shares in one or more other corporations. O. Reg. 599/06, s. 10 (2).

Special corporation, Windsor-Detroit Tunnel

10.1 (1) The City of Windsor may, by itself or together with one or more other public sector entities, use the powers referred to in paragraphs 1 to 5 of subsection 203 (1) of the Act in relation to a corporation that satisfies the following conditions:

1. It carries on business,
 - i. in the City of Detroit and elsewhere in the State of Michigan, or
 - ii. in the City of Detroit, elsewhere in the State of Michigan and in the City of Windsor.
2. Its purposes are restricted to,
 - i. managing, operating and maintaining all or part of the Tunnel,
 - ii. holding shares in one or more corporations established for the purpose of managing, operating and maintaining all or part of the Tunnel, or
 - iii. a combination of the purposes listed in subparagraphs i and ii. O. Reg. 371/07, s. 1.

(2) Sections 10 and 16 do not apply to a corporation established under subsection (1). O. Reg. 371/07, s. 1.

(3) Without limiting the generality of subsection (1), the power to establish a corporation under that subsection includes power to incorporate a corporation under the laws of the State of Michigan. O. Reg. 371/07, s. 1.

(4) Nothing in subsection (1) prevents the City of Windsor from using the powers referred to in subsection 203 (1) of the Act in relation to a corporation that carries on business in relation to the Tunnel only in the City of Windsor. O. Reg. 371/07, s. 1.

(5) In this section,

“City of Detroit” means the City of Detroit in the State of Michigan; (“*cit  de Detroit*”)

“State of Michigan” means the State of Michigan in the United States of America; (“* tat du Michigan*”)

“Tunnel” means the motor vehicle tunnel that connects the City of Windsor with the City of Detroit, and includes any ancillary facilities for the transfer of passengers between municipal transportation systems of the City of Windsor and the City of Detroit. (“*Tunnel*”) O. Reg. 371/07, s. 1.

RULES FOR MUNICIPALITY

Prohibited use of powers in relation to corporations

11. (1) Despite section 3, subsections 4 (2), (3) and 5 (1) of this Regulation, a municipality shall not use any of the powers referred to in paragraphs 1 to 5 of subsection 203 (1) of the Act in relation to a corporation if the business or activities of the corporation include doing anything that the municipality or any of its local boards may do or are required to do under any of the following Acts:

1. *Ambulance Act*.
2. *Child and Family Services Act*.

Note: On April 30, 2018, the day section 350 of Schedule 1 to the *Supporting Children, Youth and Families Act, 2017* comes into force, paragraph 2 of subsection 11 (1) of the Regulation is revoked and the following substituted: (See: O. Reg. 173/18, s. 1)

2. *Child, Youth and Family Services Act, 2017*.

3. *Fire Protection and Prevention Act, 1997*.
4. *Health Protection and Promotion Act*.
5. *Long-Term Care Homes Act, 2007* in respect of long-term care homes under Part VIII of that Act.
6. *Police Services Act*.
7. *Provincial Offences Act*.
8. *Public Libraries Act*.
9. *Ontario Works Act, 1997*. O. Reg. 599/06, s. 11 (1); O. Reg. 87/10, s. 1 (1).

(2) Despite subsection (1), a municipality may use the powers referred to in paragraphs 1 to 5 of subsection 203 (1) of the Act in relation to a corporation that carries on business or activities in connection with a municipality, local board, public hospital, university, college or school board operating under any of the Acts listed in that subsection, but only if the business or activities of the corporation in connection with those entities are restricted to the provision of administrative services to them. O. Reg. 599/06, s. 11 (2).

(3) Despite section 3 and subsections 4 (2), (3) and 5 (1) of this Regulation, a municipality shall only use the powers referred to in paragraphs 1 to 5 of subsection 203 (1) of the Act in relation to a corporation that carries on any business or activities in connection with a long-term care home under the *Long-Term Care Homes Act, 2007* other than a long-term care home under Part VIII of that Act if the business or activities of the corporation are restricted to the construction, operation, maintenance and ownership, including ownership of land, of facilities that are new when the corporation first carries on its business with respect to them. O. Reg. 87/10, s. 1 (2).

(4) Despite section 3 and subsections 4 (2), (3) and 5 (1) of this Regulation, a municipality shall not use any of the powers referred to in paragraphs 1 to 5 of subsection 203 (1) of the Act in relation to *corporation if the business or activities of the corporation include requiring a person to pay an administrative penalty in respect of the person's failure to comply with any by-law of the municipality or any other municipality respecting the parking, standing or stopping of vehicles*. O. Reg. 599/06, s. 11 (4).

12. REVOKED: O. Reg. 25/15, s. 2.

No assignment

13. A municipality shall not assign or transfer any right granted to it in any agreement between the municipality and the Province of Ontario to a corporation without first obtaining the consent of the Minister responsible for the agreement. O. Reg. 599/06, s. 13.

Debt instruments

14. A municipality may use the powers referred to in paragraphs 4 and 5 of subsection 203 (1) of the Act to acquire, hold, dispose of, guarantee and otherwise deal with bonds, debentures, promissory notes, mortgages and similar evidences of indebtedness of a corporation that may issue shares only if the debt would be incurred by reason of the transfer to the corporation of land, equipment or other goods belonging to the municipality. O. Reg. 82/16, s. 1.

Assistance to corporation

15. (1) Despite section 106 of the Act, a municipality may provide assistance to a corporation,

- (a) if the corporation is a wholly-owned corporation and is limited by its articles or letters patent to providing services to the owners or members of the corporation;
- (b) if the purpose of the assistance is to subsidize the cost of public transportation facilities or services or public access to recreational and cultural facilities; or
- (c) if,
 - (i) the purpose of the assistance is to facilitate the provision by the corporation of affordable housing, as defined in a by-law made by the municipality respecting provision of assistance to the corporation for this purpose, and
 - (ii) the by-law contains policies regarding public eligibility for the housing units provided as part of the affordable housing. O. Reg. 599/06, s. 15 (1); O. Reg. 152/16, s. 1.

(2) The types of assistance that may be provided under subsection (1) are,

- (a) giving, lending or selling any property of a municipality, including money;
- (b) guaranteeing borrowing;
- (c) providing the services of employees of or persons under contract with a municipality. O. Reg. 599/06, s. 15 (2).

(3) The assistance provided under clause (2) (a), (b) or (c) need not be at fair market value. O. Reg. 599/06, s. 15 (3).

(4) The treasurer shall prepare a statement of the value of any grant to a corporation or an estimate of the fair market value of any other assistance provided at less than fair market value to a corporation under this section. O. Reg. 599/06, s. 15 (4).

RULES FOR CORPORATIONS

Territorial operation of corporation

16. (1) A corporation may only operate within the boundaries of a municipality with the agreement of the municipality. O. Reg. 599/06, s. 16 (1).

(2) Despite subsection (1), a corporation may operate within the boundaries of an upper-tier municipality without the agreement of any lower-tier municipality that forms part of that upper-tier municipality for municipal purposes if the corporation's purpose is to provide a system, service or thing that the upper-tier municipality itself could provide. O. Reg. 599/06, s. 16 (2).

(3) Despite subsection (1), a corporation may operate within the boundaries of a lower-tier municipality that forms part of an upper-tier municipality for municipal purposes without the agreement of the upper-tier municipality if the corporation's purpose is to provide a system, service or thing that the lower-tier municipality itself could provide. O. Reg. 599/06, s. 16 (3).

(4) This section applies to any corporation established by,

- (a) a municipality using the power referred to in paragraph 1 of subsection 203 (1) of the Act;
- (b) the City of Toronto using the power referred to in paragraph 1 of subsection 148 (1) of the *City of Toronto Act, 2006*;
- (c) the Province of Ontario together with one or more municipalities referred to in clause (a) or (b);
- (d) the Crown in right of Canada together with one or more municipalities referred to in clause (a) or (b); or
- (e) any combination of clauses (a), (b), (c) and (d). O. Reg. 599/06, s. 16 (4).

Amendments to corporate documents

17. (1) A corporation shall not make an amendment to its articles of incorporation or letters patent or to any subsequent articles or supplementary letters patent if the amendment would permit the corporation,

- (a) to carry on a purpose other than a purpose that would be permitted by section 3;
- (b) to carry on any business or activities that would include doing anything that the municipality or any of its local boards could do or be required to do under any of the Acts mentioned in subsection 11 (1), except the business or activity of providing administrative services permitted by subsection 11 (2); or

(c) to carry on any business or activities that would include doing anything inconsistent with subsection 11 (3) or (4). O. Reg. 599/06, s. 17 (1); O. Reg. 82/16, s. 2.

(2) A corporation shall not submit articles of amendment or any other articles or supplementary letters patent under any Act unless the municipality has first adopted a business case study in relation to the proposed amendment, articles or supplementary letters patent. O. Reg. 599/06, s. 17 (2).

Limitations on actions of corporation

18. (1) A corporation shall not act as an incorporator of another corporate body that is incorporated under any Act. O. Reg. 599/06, s. 18 (1).

(2) A corporation may only invest in securities prescribed under section 418 of the Act and, for the purpose of this subsection, any regulation made under that section of the Act applies to the corporation as if it were a municipality. O. Reg. 599/06, s. 18 (2).

(3) Despite subsection (2), to expand or otherwise carry on its purposes, a corporation may acquire all of the voting and non-voting shares of,

(a) another corporation established by one or more municipalities;

(b) a body corporate incorporated under any Act if the articles of incorporation of the body corporate restrict the powers or limit the objects of the body corporate to carrying on one or more of the purposes set out in clause 3 (a). O. Reg. 599/06, s. 18 (3); O. Reg. 371/07, s. 2 (1).

(4) A body corporate, the shares of which have been acquired under subsection (3), must be dissolved and its remaining assets and liabilities transferred to the acquiring corporation within one year of the date of the acquisition of the shares. O. Reg. 599/06, s. 18 (4).

(4.1) Subsections (3) and (4) do not apply to a corporation established under section 10 or 10.1. O. Reg. 371/07, s. 2 (2).

(5) If any purpose or business of a corporation includes the provision of a public utility for water or sewage,

(a) the corporation shall not issue shares or give voting rights attached to the shares to a private person if it is a share corporation or, if it is a non-share corporation, it shall allocate voting rights to a member of the corporation only if the member is not a private person; and

(b) the corporation shall not transfer to a private person any asset that is part or all of a municipal drinking water system or of a sewage works unless the board of directors of the corporation has declared, by resolution, that the asset is no longer needed for the purposes of the system. O. Reg. 599/06, s. 18 (5).

(6) If any purpose or business of a corporation includes a program for the supervision, encouragement and guidance of recreational activity for persons under the age of 18, the corporation shall not issue shares or give voting rights attached to the shares to a private person if it is a share corporation or, if it is a non-share corporation, it shall allocate voting rights to a member of the corporation only if the member is not a private person. O. Reg. 599/06, s. 18 (6).

(7) In this section,

“municipal drinking water system” has the same meaning as in the *Safe Drinking Water Act, 2002*; (“réseau municipal d’eau potable”)

“sewage works” has the same meaning as in the *Ontario Water Resources Act*. (“station d’épuration des eaux d’égout”) O. Reg. 599/06, s. 18 (7).

Deemed members

19. The directors and officers of a corporation shall be deemed to be members for the purposes of the *Municipal Conflict of Interest Act*. O. Reg. 599/06, s. 19.

Deemed institutions

20. A corporation that is a wholly-owned corporation or a corporation whose business or activities include the provision of administrative services to any municipality, local board, public hospital, university, college or school board is deemed to be an institution for the purposes of the *Municipal Freedom of Information and Protection of Privacy Act*. O. Reg. 599/06, s. 20.

Status of corporation

21. (1) A corporation is not a local board for the purposes of any Act. O. Reg. 599/06, s. 21 (1).

(2) Despite subsection (1), a corporation shall be deemed to be a local board for purposes of subsection 270 (2) of the Act, and for the purposes of the *Environmental Assessment Act*, the *Municipal Conflict of Interest Act*, the *Emergency Management and Civil Protection Act*, and subsection 56.2 (3) of the *Capital Investment Plan Act, 1993*. O. Reg. 599/06, s. 21 (2).

(3) Despite subsection (1), if a corporation is wholly-owned, it shall be deemed to be a local board for the purposes of the *Development Charges Act, 1997*. O. Reg. 599/06, s. 21 (3).

Result of non-compliance

22. Any of the following matters may be considered sufficient cause under any Act to cancel the certificate of incorporation of a corporation or the letters patent or supplementary letters patent of a corporation:

1. The corporation does not meet the requirements of this Regulation.
2. A certificate is issued under the *Business Corporations Act* or any other Act under which a municipality establishes a corporation that is inconsistent with this Regulation.
3. Letters patent or supplementary letters patent are granted under any Act that are inconsistent with this Regulation.
4. The corporation acts outside the purposes to which it is restricted by its articles or letters patent.
5. REVOKED: O. Reg. 25/15, s. 3.

O. Reg. 599/06, s. 22; O. Reg. 25/15, s. 3.

23. OMITTED (REVOKES OTHER REGULATIONS). O. Reg. 599/06, s. 23.

24. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION). O. Reg. 599/06, s. 24.

Municipal Act, 2001, S.O. 2001, C. 25 Section 203

Municipal Act, 2001, S.O. 2001, c. 25 retrieved from <https://www.ontario.ca/laws/statute/01m25#BK222>

POWERS TO ESTABLISH CORPORATIONS

Power to establish corporations

203 (1) Without limiting sections 9, 10 and 11, those sections authorize a municipality to do the following things in accordance with such conditions and restrictions as may be prescribed:

1. To establish corporations.
2. To nominate or authorize a person to act as an incorporator, director, officer or member of a corporation.
3. To exercise any power as a member of a corporation.
4. To acquire an interest in or to guarantee such securities issued by a corporation as may be prescribed.
5. To exercise any power as the holder of such securities issued by a corporation as may be prescribed. 2006, c. 32, Sched. A, s. 88.

Duties of corporations, etc.

(2) A corporation established by a municipality and a secondary corporation and the directors and officers of the corporation shall comply with such requirements as may be prescribed. 2009, c. 33, Sched. 21, s. 6 (7).

Exceptions

(3) This section does not apply with respect to a corporation established under section 142 of the *Electricity Act, 1998*, a corporation established under section 13 of the *Housing Development Act*, a local housing corporation as defined in the *Housing Services Act, 2011* or any other corporation that a municipality is expressly authorized under any other Act to establish or control. 2006, c. 32, Sched. A, s. 88; 2011, c. 6, Sched. 1, s. 187 (2).

Definition

(3.1) For the purposes of this section,

“secondary corporation” means a corporation established by a corporation that was established under subsection (1) and a corporation deemed under the regulations to be a secondary corporation. 2009, c. 33, Sched. 21, s. 6 (8).

Regulations

(3.2) The Lieutenant Governor in Council may make regulations providing that specified corporations are deemed to be secondary corporations. 2009, c. 33, Sched. 21, s. 6 (8).

Regulations re corporations

(4) The Lieutenant Governor in Council may make regulations governing the powers of a municipality under this section and governing corporations established under subsection (1) and secondary corporations, including regulations,

- (a) prescribing the purposes for which a municipality may exercise its powers referred to in this section and imposing conditions and restrictions on the use of those powers;
- (b) prescribing the purposes for which a corporation may carry on business or engage in activities;
- (c) prescribing securities for the purposes of paragraphs 4 and 5 of subsection (1);
- (d) imposing conditions and requirements that apply to a corporation and its directors and officers;
- (e) providing that specified corporations are deemed to be or are deemed not to be local boards for the purposes of any provision of this Act or for the purposes of the definition of “municipality” in such other Acts as may be specified;
- (f) providing that specified corporations are deemed for the purposes of any Act or specified provisions of an Act not to be operating a public utility in such circumstances as may be prescribed;
- (g) exempting a municipality from the application of section 106 with respect to specified corporations;
- (h) providing for transitional matters relating to a municipality’s exercise of its powers under section 106 or relating to a specified corporation’s exercise of its powers. 2006, c. 32, Sched. A, s. 88; 2009, c. 33, Sched. 21, s. 6 (9).

Conflict

(5) If there is a conflict between a regulation made under this section and a provision of this Act, other than this section, or of any other Act or regulation, the regulation made under this section prevails. 2006, c. 32, Sched. A, s. 88.

Housing Development Act, R.S.O. 1990, c. H. 18 Section 13

Incorporation of non-profit Housing Corporation

13 (1) A municipality, either solely or together with one or more other persons, may incorporate under the laws of Ontario one or more non-profit housing corporations having as the objects of incorporation the provision and operation of housing accommodation with or without any public space, recreational facilities and commercial space or buildings appropriate thereto primarily for persons of low or modest income at rentals below the current rental market in the area in which the accommodation is located. R.S.O. 1990, c. H.18, s. 13 (1).

Provisions applicable to corporation incorporated by municipality

(2) A municipality that incorporates a corporation as referred to in subsection (1) may own or control all or any part of the shares, capital or assets, as the case may be, of the corporation, provided however that, notwithstanding any of the provisions of the Corporations Act or the Business Corporations Act, the directors of the corporation shall not declare, nor the corporation pay, any dividends on any issued shares of the corporation, and no part of the income of the corporation shall be payable to or otherwise available for the personal benefit of any shareholder or member of the corporation and its letters patent, supplementary letters patent or articles may so provide. R.S.O. 1990, c. H.18, s. 13 (2).

Note: On the day subsection 4 (1) of the Not-for-Profit Corporations Act, 2010 comes into force, subsection 13 (2) of the Act is amended by striking out “the Corporations Act” and substituting “the Not-for-Profit Corporations Act, 2010”. (See: 2017, c. 20, Sched. 8, s. 87)

Acquisition of land by corporation

(3) Where a corporation is incorporated as referred to in subsection (1), the corporation shall not acquire lands for its purposes except with the approval of the Minister or except in accordance with the provisions of an official plan or a policy statement, which official plan provisions or policy statement have been approved by the Minister under section 17. R.S.O. 1990, c. H.18, s. 13 (3).

Approval not required

(4) Section 25 of the Local Planning Appeal Tribunal Act, 2017 does not apply to a corporation as referred to in subsection (1). 2017, c. 23, Sched. 5, s. 38.

Appendix C - Totten Insurance Group Property Inspection Recommendations

220 Front Street

RECOMMENDATIONS

Company	Totten Insurance Group
Agent/Broker	
Policyholder	Homepayne Economic Development Corporation
Address of Location	220 Front Street, Homepayne ON P0M 1Z0
Policy Number	10022486
Inspection Number	4020716
Date of Visit	July 09, 2020

RECOMMENDATION SEVERITY DEFINITIONS:

CRITICAL: Hazard(s) or condition(s) which may cause significant financial loss or injury. Condition(s) identified may point to severe deterioration of a building component or critical non-compliance to codes, standards or best practices requiring immediate correction or replacement by a professional.

IMPORTANT: Hazard(s) or condition(s) that requires action or improvement in order to minimize the potential of financial loss or injury. Condition(s) identified may point to considerable deterioration of a building component or minor non-compliance to codes, standards or best practices which may or may not necessarily require correction or replacement by a professional.

MODERATE: Hazard(s) or condition(s) which may cause marginal financial loss or injury. Condition(s) identified may point to minor deterioration of a building component or minimal non-compliance to codes, standards or best practices requiring correction or replacement over a protracted time frame not necessarily requiring the services of a professional.

RECOMMENDATIONS



COM-ELECTRICAL - No GFCI protection

Ordinary electrical outlets were installed within 5 feet of a water source and were not provided with Ground Fault Circuit Interrupter (GFCI) protection. Electrical outlets installed near a water source increase the risk of electrocution (or ground fault). To reduce the risk of electrocution, we recommend that GFCI protection be provided on all outlets within 5 feet of a water source.



COM-PORTABLE FIRE EXTINGUISHERS - Lack of annual servicing

The portable fire extinguisher was past due for service. In order to ensure portable fire extinguishers will operate as designed in the event of a fire, assurances should be made that service and testing is conducted every 12 months. Tags should be attached in order to document such service.



COM-WATER DAMAGE - Washing machine rubber hose lines

The washing machine was equipped with rubber water lines. Rubber water lines are susceptible to failure, which may lead to water damage. We recommend that the rubber water supply lines for the washing machine be replaced with braided stainless steel lines.



COM-LIFE SAFETY - Dryer vent pipes

At the time of inspection, it was noted that the dryers were equipped with a foiled plastic vents. Lint can accumulate in these vent pipes, becoming a concern for fire. The foiled plastic vent pipes should be replaced with a rigid/semi-rigid dryer vent pipes.

Appendix D - MSC Project Manager Job Description

The Corporation of the Township of Hornepayne

Municipal Service Corporation Project Manager

Job Description

Contract Full-Time

35 hours per week

Contract Term: 18 months

Under the direction of the EDO (Township of Hornepayne initial start-up stage) / Municipal Services Corporation (MSC) Board of Directors (working stage), the Project Manager will be responsible for the management and implementation of the MSC Business Plan, and the achievement of the objectives for the Township of Hornepayne/MSC Board of Directors. The Project Manager will be responsible for the set-up and policy development for the MSC, financial management, affordable housing initiatives, Parkview Apartment Operation and Management and housing stock improvements.

Responsibilities:

- In collaboration with the Chair, develop the annual business plan, the capital and operating budgets for Parkview Apartment and the MSC;
- Manage revenue and expenditure targets;
- Analyze budget figures, review trends to direct appropriate expenditures and control costs;
- Set annual MSC objectives which are consistent with the corporate Strategic Plan, Housing Needs and Demand Study and any other relevant plans;
- Implement/coordinate the MSC business plans in a timely and proactive manner and meet the goals, objectives and the determined performance metrics of the MSC;
- Manage, direct and oversee the MSC, including the efficient operation of Parkview Apartments and other assets;
- Manage the implementation of short and long-term strategies in the areas of asset management, maintenance programs, building operations, energy and engineering management services, and compliance with applicable facility construction legislation, codes, and guidelines.

Key Projects:

The following are **some** key projects that would be included in, and benefit from, the joint management and coordination of the MSC implementation process:

- Set up and development of MSC

- Policy development
- Financial management
- Affordable housing initiatives
- Parkview Apartment operation and management
- Housing Stock improvements
- Housing Incentives Fund
- Other relevant projects as identified

Key Qualifications

- Post-secondary education in related field;
- Minimum of 5 years' experience in an Economic Development environment in progressively responsible roles in Project Management, Strategic Planning, Program Delivery, Business Management, Housing; or an equivalent combination of related education and experience that is acceptable to the Township.

Key Activities:

- Create, lead, and manage key operational project plans, activities and initiatives for the MSC;
- Sustain an environment that supports collaboration, decision-making and accountability;
- Collaborate with stakeholders to develop short and long-term plans with actionable goals with tangible results;
- Collaborate with stakeholders to develop communication, marketing and promotional plans for MSC initiatives;
- Maintain working knowledge of public and private sector incentive programs and investment resources;
- Prepare funding proposals, monitor, and expedite applications through the respective review and approval processes;
- Manage initiatives within approved budgets;
- Monitor and report on progress of initiatives, manage change as required to ensure successful completion of projects;
- Establish and maintain effective working relationships with stakeholders that support and advance the initiatives of the MSC;
- Provide advice and support to the Chair and the Municipal Services Corporation Board of Directors on matters related to the MSC;

Knowledge, Skills and Abilities

- Strong project management skills;
- Experience with engagement strategies and working with stakeholders;
- Excellent verbal communication skills (English), particularly community engagement and facilitation skills;

- Excellent written skills (English);
- Demonstrated ability to meet timelines;
- Ability to create/align with goals and objectives;
- Ability to create/follow plans and processes accordingly, to deliver task and goal completion to a high standard;
- Understanding of Strategic Plan, Housing Needs and Demand Study and MSC Business Case;
- Strong customer service, interpersonal, consultative, conflict resolution, negotiation, problem-solving, and analytical skills;
- Proficiency in Microsoft Office including Word, Excel, Power Point and Outlook;
- Valid Ontario Driver's License