

## REPORT

### ADMINISTRATIVE SERVICES COMMITTEE

MEETING DATE: DECEMBER 5, 2016

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**FROM:** Legal Department

**DATE:** November 9, 2016

**SUBJECT:** Municipal Development Corporation

**LOCATION:** Town Wide

**WARD:** Town wide

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**RECOMMENDATION:**

1. That the report of the Legal department, dated November 9, 2016 entitled *Municipal Development Corporation*, be received;
2. That a municipal development corporation (the "MDC") be incorporated pursuant to section 203 of the *Municipal Act, 2001*, c. 25, as amended, with articles of incorporation substantially in the form attached to the report of the Legal department, with such minor changes as may be determined by the Town Solicitor;
3. That an Interim Shareholder Direction and Unanimous Shareholder Declaration substantially in the form attached to the report of the Legal Department with such minor changes as may be determined by the Town Solicitor be approved;
4. That the Interim Shareholder Direction and Unanimous Shareholder Declaration be executed in accordance with By-law 2013-057;
5. That a budget of \$100,000 to be funded from the tax stabilization reserve be allocated to cover the cost of obtaining professional advice in respect of how to best structure the MDC; and
6. That the MDC and Staff be directed to report back to Council with a budget, and governance proposal, including a proposed board structure and a Final Shareholder Direction and Unanimous Shareholder Declaration, prior to any real estate transactions being undertaken by the MDC.

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**KEY FACTS:**

The following are key points for consideration with respect to this report:

- June 27, 2016 Council approved the Business Case for a municipal development corporation.
- On September 7, 2016 a public consultation was held to receive comments and input from the public.
- Staff is proposing the incorporation of the MDC.
- Staff is requesting a budget of \$100,000 to cover the cost of obtaining professional advice in how best to structure the MDC.
- Until a subsequent report is brought to Council, the MDC will not become active in any real estate transactions or development.

**BACKGROUND:**

At the June 27, 2016 Council meeting, Council approved the Business Case for a Municipal Development Corporation ("MDC") as required by O. Reg. 599/06, and authorized staff to undertake public consultation on the Business Case regarding the incorporation of an MDC and to report back on the results of such consultation, together with an identification of the necessary seed funds and other steps that would be required for an MDC. This report reports back on the public consultation and proposes the incorporation of the MDC.

A further report, following the completion of these next steps, would be brought to Council before the MDC would become active in any real estate transactions or development. That further report would identify proposed funding requirements and final board composition, and define the scope and ambit of authorized MDC operations and reporting obligations.

**COMMENT/OPTIONS:**

A public consultation to receive comments and input for the proposed Municipal Development Corporation was held on September 7, 2016 from 7 to 8 pm at Town Hall.

The consultation was an Open House Style consultation with sign-in desk, 7 poster boards and a slide show of 11 slides summarizing the results of the business case and highlighting main points for consideration. It was hosted by Jim Knighton, Realty Services Manager and staff of the Town Consultant firm N. Barry Lyons Consultants (NBLC), Mark Conway (President and Senior Partner) and Matt Bennett (Associate). NBLC was retained by the Town for the Public Works Implementation Study and their work included the creation of an MDC business case.

The consultation was very lightly attended, consisting of 2 residents who indicated they represented their local residents association. One of the residents was the

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president of the Joshua Creek Residents Association, who provided questions in a follow up email. This correspondence and the Town's response provided via this staff report are attached in Appendix A.

After having received the feedback from the public, staff believes that it is appropriate to undertake the following next steps:

1. Incorporate the MDC with an initial board, consisting of the Mayor, the Chief Administrative Officer and the Commissioner of Corporate Services (the "Initial Board"), and an Interim Shareholder Direction and Unanimous Shareholder Declaration, in place.
2. The Initial Board will seek out an independent third person to serve on the board of directors in the place of the Commissioner of Corporate Services. The election of this third person to the board of the MDC will be brought to a future Council meeting for approval. Once approved, the board of directors as then constituted will be referred to as the Interim Board. Suggested qualifications to assist in the selection have been summarized in Appendix B. The Interim Board will work with staff to define governance protocols, including size and composition of a final board of directors for the MDC, prepare budgets, business plans and revisions to the Interim Shareholder Direction and Unanimous Shareholder Declaration, to propose a Final Shareholder Direction and Unanimous Shareholder Declaration for Council approval. This document will be the document which outlines the MDC's authority and relationship to the town and provides the MDC with the town's expectations, including setting out which issues require the MDC to seek Council approval before acting.
3. Staff and the Interim Board will obtain appropriate professional advice to ensure that the town understands the financial, legal and tax implications and options for funding the MDC, transferring real property to the MDC, and receiving dividends or other payments from the MDC. A budget of \$100,000 would be required to obtain such professional advice.
4. Once the first three steps are completed, the MDC and staff will report back to Council. This further report would identify funding requirements, reporting requirements and board structure, including potential board nominees.

## **CONSIDERATIONS:**

### **(A) PUBLIC**

A public consultation has been held to receive public comments and input on the incorporation of a municipal development corporation.

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**(B) FINANCIAL**

It is recommended that staff and the interim board obtain appropriate professional advice regarding the MDC. It is recommended that the estimated cost of \$100,000 be funded from the tax stabilization reserve.

**(C) IMPACT ON OTHER DEPARTMENTS & USERS**

This report has no direct impact on other departments.

**(D) CORPORATE AND/OR DEPARTMENT STRATEGIC GOALS**

This report addresses the corporate strategic goal to:

- provide outstanding service to our residents and businesses
- be accountable in everything we do
- be innovative in everything we do
- be fiscally sustainable

**(E) COMMUNITY SUSTAINABILITY**

The MDC is being considered to seek to improve the financial return the town might receive from town lands to be developed while enhancing town control over the process.

**APPENDICES:**

- Appendix A - Email to Town and Response re. Public Consultation
- Appendix B - Role and qualifications for 3<sup>rd</sup> Interim Board Member
- Appendix C - Articles of Incorporation for MDC
- Appendix D - Interim Shareholder Direction and Unanimous Shareholder Declaration

Prepared by:  
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Submitted by:  
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