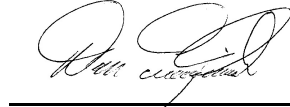


Item No. 8.1
Halifax Regional Council
August 4, 2009

TO: Mayor Kelly and Members of the Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: June 15, 2009

SUBJECT: **Property Matter - 213-217 Bedford Highway, Halifax -
Feed Nova Scotia**

SUPPLEMENTARY REPORT

ORIGIN

- Staff report dated January 17, 2009.
- Supplementary report dated February 20, 2009.
- Grants Committee report dated May 19, 2009.
- May 26, 2009, Regional Council directs staff to invite Feed Nova Scotia's response to the options presented.

RECOMMENDATION:

It is recommended that Halifax Regional Council:

1. Approve, in principle, the sale by Feed Nova Scotia of the property located at 213-217 Bedford Highway, Halifax, for market value subject to payment in full of the debt outstanding related to the purchase of 213-217 Bedford Highway, Halifax, to HRM from the proceeds from sale;
2. Approve, in principle, the two other options as detailed in the discussion section of this report to provide greater flexibility and the option of a re-development initiative at 213-217 Bedford Highway, Halifax.

BACKGROUND

In a letter dated December 3, 2008, Feed Nova Scotia asked HRM to either (a) write off the balance owing to HRM for the purchase of the property located at 213-217 Bedford Highway, Halifax, or (b) a capital grant to pay out the balance. The request was not supported by the Grants Committee as detailed in their report dated May 19, 2009. In the alternative's section of their report, the Grants Committee developed other options for consideration. One or more of these options could be exercised depending upon Feed Nova Scotia's decision regarding re-location or re-development of the existing site.

At the May 26, 2009 meeting of Regional Council, staff were directed to notify the proponent and confirm a response to the alternatives put forth. See: **Attachment 1-** HRM's Letter to Feed Nova Scotia.

DISCUSSION

This request from Feed Nova Scotia is characteristic of requests from non-profit organizations seeking less than market value property sales. At present, HRM does not have an over-arching policy or decision-making framework to assist in such matters. Consequently, recommendations tend to be guided by legislation, precedence, and financial policies as applicable.

In a letter dated June 8, 2009, Feed Nova Scotia have indicated their preference for Regional Council's approval of the motion that would "Approve, in principle, the sale by Feed Nova Scotia of the property located at 213-217 Bedford Highway, Halifax, for market value subject to payment in full of the debt outstanding related to the purchase of 213-217 Bedford Highway, Halifax, to HRM from the proceeds from sale". Such confirmation would assist in discussions regarding financing a re-location. The Board of Directors has established a Relocation Committee. Hence, at this time it appears to be the Society's preference to relocate and consolidate operations in one locale. See: **Attachment 2-** Feed Nova Scotia's Letter to HRM.

Further, Feed Nova Scotia is seeking Council's approval in principle of either (a) a transfer of debt secured as a lien, or (b) an amended schedule and/or interest rate. These options provide additional flexibility.

If Council approves all three options, Feed Nova Scotia can proceed with greater certainty in their deliberations and will be responsible for timely notification to HRM should they elect to invoke one or more of the options.

BUDGET IMPLICATIONS

Should Council agree with the request from Feed Nova Scotia to approve in principle all three options, the budget implications would be confirmed at the time of sale or, in the case of expansion, construction.

1. If HRM maintains the current payment schedule and interest rate on an interim basis but consent to Feed Nova Scotia's sale of the property for market value, HRM would collect payment in full of the balance outstanding. The timing and value of this payment will be determined at time of sale.
2. If HRM agrees to the transfer of debt as a lien against any new property purchase, and maintains the current payment schedule and interest rate, HRM would collect payment in full of the balance outstanding as per the original agreement.
3. If HRM agrees to amend the schedule and interest rate, the balance outstanding would be paid in full but possibly over an extended period (for example, the term could be extended by an additional 6 years to retire in 2019).

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

Regional Council may choose not to support any of the original alternatives.

This is not recommended: A timely response from HRM will help the Society assess the implications of each option and develop a plan of action.


ATTACHMENTS

1. Letter to Feed NS from HRM dated May 22, 2009
2. Letter to HRM from Feed NS dated June 08, 2009
3. HRM Grants Committee report to Regional Council dated May 19, 2009

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Peta-Jane Temple, Team Lead Grants & Contributions, Community Development 490-5469

Report Approved by: 
Andrew Whittlemore, Manager, Community Relations & Cultural Affairs,
Community Development, 490-1585


Paul Dunphy, Director, Community Development

May 22, 2009

Feed Nova Scotia
c/o Ms. Diane Swinemar
213 Bedford Highway
Halifax, NS B3M 2J9

COPY

Dear Ms. Swinemar:

Re: Request to Waive Payment to HRM/Grant for Purchase of 213 Bedford Highway.

I am writing to advise you of the HRM Grants Committee recommendation to Regional Council regarding your request to waive debt owing to HRM or to receive an equivalent in the form of a grant.

The Grants Committee will recommend to Regional Council:

1. The debt not be written off. Technically, this debt is not considered uncollectable and therefore there is no provision to waive payment as the original agreement.
2. Approve, in principle, the sale by Feed Nova Scotia of the property located at 213-217 Bedford Highway, for market value subject to payment in full of the debt relating to property purchase outstanding to HRM from the proceeds of sale.

The second recommendation states “.... in principle” because it has not been determined if a sale is your preferred course of action. The motion, if approved by council, does however make provision to do so in a timely manner ie. before the current lease to purchase agreement expires.

The committee also suggested two alternate scenarios:

3. If Feed NS purchase or build a new facility the existing debt could be transferred as a lien against the new property and payments made as per the initial lease agreement.
4. If the group remain at their current location the term of the re-payment could be amended to extend the term for an additional 6 years and waive future interest.

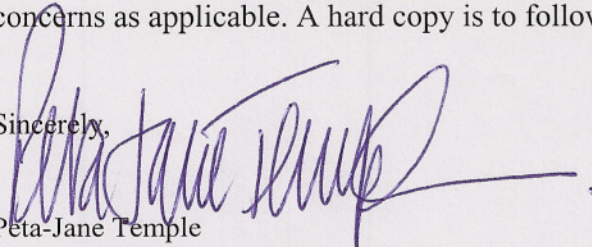
The latter suggestion is intended to assist should the society choose to remain at their current

location and expand.

I understand the report is on council's agenda for Tuesday, May 26th. We will advise you of the decision but in the interim a copy of the staff report would be available from the Clerk's office Monday afternoon or Tuesday.

I trust this information is of assistance. I am sending this letter by fax to provide advance notice and ask if you have any questions that you call me before Tuesday so that I can address any concerns as applicable. A hard copy is to follow by mail for your files.

Sincerely,

A handwritten signature in blue ink, appearing to read "Peta-Jane Temple", with a long horizontal flourish extending to the right.

Peta-Jane Temple
Team Lead, Tax, Grants & Special Projects

cc: File

June 8, 2009

Ms. Peta-Jane Temple,
Team Lead, Tax, Grants & Special Projects
Halifax Regional Municipality
P.O. Box 1749
Halifax, NS B3J 3A5

Dear Ms. Temple:

Re: Request to Waive Payment to HRM/Grant for Purchase of 213 Bedford Highway

Thank you for your letter of May 22, 2009 and your call following the meeting of Council on May 28, 2009.

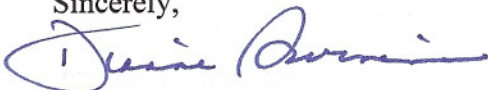
The Board of Directors has established a Relocation Committee and are looking at many options. One thing that we would like from HRM is Item #2 – approve in principle the sale of this property. This confirmation will help us with our discussions with our banking institution.

Regarding the alternate scenarios, # 3 and 4, if Council would agree that either of these would be made available to FEED NOVA SCOTIA if requested in the future, again, this would be helpful with our forward planning, as we would have some funding options already in place. So, bottom line, we would appreciate Council's approval of Item #2 and as well approval of Item #3 or Item #4, depending on our final decision, to purchase or build new at another location, or if we decide to remain at this location and expand.

I would like to ensure you that as soon as our Board of Directors has reached a decision and is ready to move forward, I shall contact HRM to inform you of the plan and make the appropriate request, should they desire either scenario implemented.

Thank you again, Ms. Temple, for all your help with our unusual request.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dianne Swinemar", written over a light blue circular stamp.

Dianne Swinemar
Executive Director



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 11.4.1

Halifax Regional Council
May 26, 2009

TO: Mayor Kelly and Members of the Halifax Regional Council

SUBMITTED BY: *Julia Hencastle*
for Councillor Russell Walker, Chair, HRM Grants Committee

DATE: May 19, 2009

SUBJECT: **Property Matter - Market Value Sale of 213-217 Bedford Highway,
Halifax - Feed Nova Scotia**

ORIGIN

Grants Committee meeting of May 11, 2009.

RECOMMENDATION

It is recommended that Halifax Regional Council:

- 1. Not write off Feed Nova Scotia's outstanding debt to HRM.**
- 2. Approve, in principle, the sale by Feed Nova Scotia of the property located at 213-217 Bedford Highway, Halifax, for market value subject to payment in full of the debt relating to property purchase outstanding to HRM from proceeds of sale.**

BACKGROUND

The Grants Committee discussed the matter at their May 11, 2009 meeting. Staff noted that HRM paid net three hundred and fourteen thousand (\$314,000) for the property. Feed Nova Scotia has limited capacity to expand at the current site and the recommendation would give the group the ability to sell the property, take the proceeds less payment to HRM and invest them towards a new location.

The Grants Committee added two alternatives as noted in this report.

BUDGET IMPLICATIONS

As per the Supplementary Staff Report dated February 20, 2009.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

1. If Feed Nova Scotia purchase a new facility (land and building or land to custom build) the existing debt could be transferred as a lien against the new property and payments made as per the schedule agreed to under the lease to buy.
2. If the group remain at their current location and want to expand HRM could assist with cash flow by extending the term of the re-payment; see Option 2 (page 3) of the original staff report where it was suggested we could extend the term for an additional six (6) years and waive interest.

ATTACHMENTS

1. Supplementary report dated February 20, 2009.
2. Report dated January 17, 2009.
3. Supplementary background notes
4. Letter to Feed Nova Scotia from HRM dated February 25, 2009.
5. Letter to HRM from Feed Nova Scotia dated April 16, 2009.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210 or Fax 490-4208
Report Prepared By: Julia Horncastle, Acting Municipal Clerk



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

HRM Grants Committee
May 11, 2009

TO: Chair and Members HRM Grants Committee

SUBMITTED BY:

A handwritten signature in black ink, appearing to read "Paul Dunphy".

Paul Dunphy, Director, Community Development

DATE: February 20, 2009

SUBJECT: **Property Matter: Less than Market Value Sale 213-217 Bedford Highway, Halifax - Feed Nova Scotia**

SUPPLEMENTARY REPORT

ORIGIN

HRM Grants Committee meeting of February 16, 2009. Request for additional information regarding the original property acquisition, the environmental condition of the site, Feed Nova Scotia's future plans, and other municipal support.

RECOMMENDATION

It is recommended that the HRM Grants Committee:

1. Not write-off Feed Nova Scotia's outstanding debt to HRM;
2. Approve, in principle, the sale by Feed Nova Scotia of the property located at 213-217 Bedford Highway, Halifax, for market value subject to payment in full of the debt outstanding to HRM from the proceeds from sale.

BACKGROUND

In a letter dated December 3, 2008, Feed Nova Scotia has asked HRM to either (a) write-off the balance owing to HRM for the purchase of the property, or (b) provide a capital grant to pay out the balance. The staff report of January 17, 2009, (See: **Attachment 1**) was deferred by the Grants Committee pending further information.

Correction: Page 3 of the staff report of January 17, 2009. The balance owed by Feed Nova Scotia for the Victoria Park Legacy Project as of February, 2009, is \$102,700. A payment in the amount of \$4,300 was made in May, 2008¹.

DISCUSSION

The Grants Committee requested the following information:

1. HRM Property Acquisition:

What did the property cost HRM (or former City of Halifax) to acquire?

The property was acquired by the former City of Halifax in 1994 from W.N. White & Company Limited for the sum of \$514,000. At the time of sale, the owner had an offer to acquire land in Bayers Lake Industrial Park with the intent of building a new facility. HRM staff are unable to confirm the actual sale price for the business park land but a staff report dated January 24, 1994, noted that "...about half of this sum [a proposed \$200,000 settlement for business disturbance and legal fees] would entirely pay for the site in Bayers Lake Industrial Park².

Evidently, this sale was initiated by a potential legal claim from the owner for business disturbance resulting from the Bedford Highway widening. As such, the sale was considered part of a "settlement in advance" of any legal claim. Therefore, the purchase price was higher than the appraised value of \$478,000 or the assessed value of \$509,000. The appraiser retained by the City indicated that due to market conditions commercial properties were selling at 35%-40% below assessed value. Staff also noted that the condition of the buildings presented a liability, not an asset (Staff report, January 13, 1994, p.3). See **Attachment 2**. Supplementary Background Notes.

Will HRM have recovered its initial costs through the less than market value sale to Feed Nova Scotia (ie. \$181,250 paid over a term of 15 years)?

The former City of Halifax bought the property for \$514,000 and HRM's Lease to Purchase Agreement to sell the property to Feed Nova Scotia for \$181,250 resulted in a net loss of \$332,750.

¹ Presently, there is no payment plan in effect.

² As of February, 2009, staff are unable to confirm if the Agreement of Purchase and Sale was concluded and the final sale price to W.N. White & Company Limited.

However, albeit conjectural, if the municipality's initial purchase price included \$200,000 as ".....settlement for business disturbance and legal fees" this value could be deducted from the sale price and the net loss re-calculated as: \$314,000 minus \$181,250 in revenue from the sale to Feed Nova Scotia for a net loss of \$132,750. A further waiver of debt (~\$89,879.64 as of January, 2009) would increase the loss to \$222,629.64³. In summary, the municipality has not recovered it's initial costs through the discounted sale to Feed Nova Scotia.

2. Environmental Status of Site:

If the former use was industrial or commercial is there any evidence of environmental contamination that could impact a subsequent sale value?

In 1994, the former City of Halifax conducted an environmental assessment as a condition of purchase. In 1999, the Metro Food Bank Society retained Maritime Testing to do an environmental assessment because the facility was to be used for food storage. No environmental contamination issues have been noted. However, should the property be sold the new buyer would be expected to exercise due diligence for same.

3. Ability to Offer for Sale:

If Feed Nova Scotia's intent is to sell the property and re-locate, will a bank advance a mortgage to acquire an alternate site or expand the current location if they do not have clear title to 213-217 Bedford Highway?

In a letter to HRM dated April 16, 2009, the society confirm they have not approached their bank at this time regarding future financing. The organization's goal is to raise sufficient funding to mitigate a mortgage (See: **Attachment 4**).

4. Development Plans:

What are Feed Nova Scotia's plans? Do they intend to re-locate or to expand operations at their current location?

The society does not have a firm plan at this time. The present site is unable to accommodate the warehouse requirements, there is no parking, and the loading of delivery trucks is inefficient. One option is to (a) demolish the on-site warehouse, expand the office space, and consolidate all warehouse options off-site, or (b) sell the property, re-locate, and consolidate all operations in a new location.

³ The sale of business park land (~\$100,000) has not been deducted because this is a for market value sale that would have occurred irrespective of purchaser.

Under an expansion option, the sale of the property is a moot issue. The debt to HRM will be retired in four years and the owner would have clear title. If the society wanted to undertake an expansion option prior to 2013 they might face obstacles in using the property to secure financing. However, HRM has allowed for the assignment of the society's share to their bank to secure a line of credit. (See: **Attachment 2**).

Under a sale option to effect the consolidation of operations at a new location, HRM could agree to release the society from the current Lease to Purchase Agreement and expedite a market value sale. Staff recommend that a condition of sale would be payment of the outstanding debt to HRM. The balance of revenue could then be used by the society for a down payment on a mortgage or used on a capital expenditure. It is anticipated that the Province of Nova Scotia would pay out in full any balance owing on their portion of the cost-shared funding so as to provide clear title to the society⁴.

A letter to HRM from Feed Nova Scotia dated April 16, 2009, suggests the society's preference might be to re-locate and consolidate operations, subject to initiating a capital campaign. (See: **Attachment 4**.)

5. Municipal Advocacy:

Has Feed Nova Scotia approached the Nova Scotia Department of Community Services or another source for funding to pay out the balance outstanding to HRM and secure unencumbered title?

Feed Nova Scotia distributes donated food to ~150 member agencies throughout Nova Scotia of which ~50% are located within HRM. Presently, HRM is the only municipality providing financial support (ie. an in-kind contribution towards property acquisition and full tax exemption under By-law T-200). The society has approached other municipalities seeking assistance with the proposed re-location.

BUDGET IMPLICATIONS

If HRM maintains the current payment schedule and interest rate on an interim basis but consent to Feed Nova Scotia's sale of the property for market value, HRM would collect payment in full of the balance outstanding. The timing and value of this payment will be determined at the time of sale.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

⁴ Under the initial cost-share agreement Feed NS paid 25%, HRM and the Province each paid 37.5%.

ALTERNATIVES

1. The society have asked that if a waiver of debt is not acceptable that a grant in the equivalent amount be paid to the society by HRM.


This action is not recommended: Even if Province of Nova Scotia pay out the balance of their grant in one lump sum to the society, HRM would in effect be paying ourselves if we paid the society's share of the balance outstanding. The *HRM Community Grants Program* policy does not permit a grant to an applicant in debt to the municipality. Therefore, any 'grant' would have to come from an alternate source. Typically, the maximum capital grant under the program is >\$25,000.

ATTACHMENTS

1. Staff Report dated January 17, 2009, Property Matter: Less than Market Value Sale, 213-217 Bedford Highway, Halifax - Feed Nova Scotia.
2. Supplementary Background Notes.
3. Letter to Feed Nova Scotia from HRM dated February 25, 2009.
4. Letter to HRM from Feed Nova Scotia dated April 16, 2009.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Peta-Jane Temple, Team Lead Grants & Contributions, Community Development
490-5469

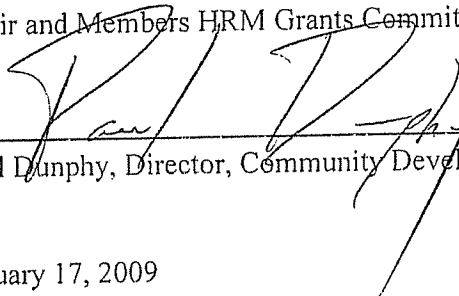
Report Approved by: 
Andrew Whittemore, Manager, Community Relations & Cultural Affairs,
HRM Community Development, 490-1585



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

HRM Grants Committee
February 16, 2008

TO: Chair and Members HRM Grants Committee

SUBMITTED BY: 
Paul Dunphy, Director, Community Development

DATE: January 17, 2009

SUBJECT: **Property Matter: Less than Market Value Sale, 213-217 Bedford Highway, Halifax - Feed Nova Scotia**

ORIGIN

In a letter dated December 3, 2008, Feed Nova Scotia have asked HRM to either (a) waive the balance owing to HRM for the purchase of the property located at 213-217 Bedford Highway, Halifax, or (b) provide a capital grant to pay out the balance.

RECOMMENDATION

It is recommended that the HRM Grants Committee:

1. Approve staff's recommendation to not write-off Feed Nova Scotia's outstanding debt to HRM;
2. Approve, in principle, the sale by Feed Nova Scotia of the property located at 213-217 Bedford Highway, Halifax, for market value subject to payment in full of the debt outstanding to HRM from the proceeds from sale.

BACKGROUND

Feed Nova Scotia is a registered charity that collects and distributes food and food-related products to member agencies throughout the province. The society receives core funding from the Nova Scotia Department of Community Services.

In 1998, HRM approved the sale of 213-217 Bedford Highway to the Metro Food Bank Society¹. The property was appraised at \$290,000. HRM discounted the sale price by \$108,750 and the balance of \$181,250 was to be paid through a lease to purchase agreement over a 15 year term. In accordance with this payment schedule the debt is due to be retired in 2013. Interest is applied to the balance payable at HRM's cost of borrowing i.e. 6.75%. Title is to be transferred once the debt is retired (Report to Regional Council dated March 17, 1998). A Buy-back Agreement was not attached to this Agreement of Purchase and Sale. The Province of Nova Scotia also granted an amount of \$108,750 plus interest payable to the society over a 15 year term to help the society acquire title. The society's share of the purchase price is \$72,500. As of January, 2009, the outstanding balance is \$89,879.64 which is broken down into approximately \$54,000 from the province and \$36,000 Feed Nova Scotia.

In 2007, Feed Nova Scotia was added to By-law T-200 at 100% exempt (By-law T-220). In 2008, the property is assessed at \$442,000 and taxes are assessed at the Commercial rate \$16,479.09. Tax exemption is not transferrable. Therefore, the society will need to make timely application to By-law T-200 should they purchase or build a new facility.

DISCUSSION

In a letter dated December 3, 2008, the society have asked HRM to either (a) write-off the balance owing to HRM for the purchase of the property, or (b) provide a capital grant to pay out the balance. See Attachment 1.

(a) Waiver of Debt

HRM Administrative Order 33 Collections Policy, Section 5.0 (f), states that "no account will be sent to write-off unless all efforts have been exhausted in its collection". Albeit this policy relates primarily to property tax, it has been standard practice to not to write-off debt unless it is "uncollectible" i.e. in the event of bankruptcy, abandonment of leased premises, departure from the province or country, or the dissolution of a society.

In the opinion of staff, the debt is not uncollectible. To write-off a debt so as to improve cash flow or enable the sale of a property (at a value higher than the purchase price) would set precedent.

¹ In 2005, the society changed its name to Feed Nova Scotia and expanded its mandate to include a network of member agencies throughout Nova Scotia.

Organizations who have met their commitments may feel penalized and a powerful incentive is provided to others to enter into contractual agreements if there is impunity for default.

(b) Capital Grant

The *HRM Community Grants Program* policy does not provide grants to organizations in debt to the municipality. Typically, the maximum value of capital grant is >\$25,000. In effect, HRM would be paying themselves and the Province's commitment. In addition to the balance outstanding for the property acquisition, \$107,000 is also owed to HRM in relation to the Victoria Park Legacy Project².

Other Options for Consideration

Technically, HRM's debt is secured by title until the debt is retired. However, the society has expressed a desire to sell the property and re-locate. Hence, it may be in the interest of both parties to expedite a means to retire the debt and release both HRM and the society from their contractual obligations. Staff has considered the following options in terms of cash flow assistance and/or creating the capacity to retire the debt:

Option 1. Waiver of interest as of April 1, 2009, for the balance of the current 4 year term to improve cash flow.

A precedent for waiver of interest has been set in terms of a lease to purchase agreement with the Cunard Children's Centre Society for the purchase of 5557 Cunard Street, Halifax (October, 2002). The market value was \$225,000. HRM discounted the sale price by \$75,000 and the balance of \$150,000 is to be paid over a 10 year period without interest. However, a Buy-Back Agreement gives HRM the right of first refusal to acquire the property should the centre cease operations or elect to sell during the term of the Agreement of Purchase and Sale.

HRM would not be in a position to refund interest paid to date under the initial agreement. Therefore, any suspension of interest (6.75%) would begin April 1, 2009, to March 31, 2013, at an estimated cost to HRM of \$10,859 (Province of NS \$6,515.53 and Feed Nova Scotia \$4,343.69).

Option 2. Extension of term for an additional 6 years and waiver of interest as of April 1, 2009

Under this scenario the value of the debt outstanding remains the same but the term is extended for a additional 6 years to assist with cash flow. The amended term would conclude in 2019. It should

²In 2003, Feed Nova Scotia partnered with HRM and the Victoria Park Legacy Project to restore Victoria Park and raise money for the food bank through the individual purchase of bricks that form the plaza. An amount of \$200,000 is to be paid to HRM for related construction costs. To date, an amount of \$93,000 has been paid to HRM and a balance of \$107,000 remains outstanding.

be noted, however, that the Provincial grant should be paid out in full in 4 years and as such Feed Nova Scotia will assume responsibility for paying the balance of their share of ~\$72,500

Option 3. HRM consent to a market value sale conditional upon full payment of debt as first claim from the proceeds from sale.

Under this scenario HRM would consent to the sale of the property by Feed Nova Scotia at the appraised "highest and best use" market value. The balance of the \$89,879.64 outstanding as of the date of closing would be paid in full. This process would create the capacity to Feed Nova Scotia to fulfil their contractual obligations to HRM and retain the balance of revenue. Transfer of title prior to the sale may be required; because the debt is not a lien there is an element of risk to HRM but this could be mitigated through a supplementary agreement that recognizes HRM shall be paid first from any revenues. The current term and interest rate apply until date of closing.

Option 3, sale of the property for full market value conditional upon payment in full to HRM as of the date of closing is staff's recommended course of action.

BUDGET IMPLICATIONS

If HRM maintained the current payment schedule and interest rate on an interim basis but consent to Feed Nova Scotia's sale of the property for market value HRM would collect payment in full. The timing and value of this payment cannot be determined at this time.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

1. The Grants Committee could overturn staff's recommendation to transfer title and uphold the current lease to purchase agreement without amendment.

This action is not recommended. Feed Nova Scotia's letter states that the society wishes to dispose of the property at some future date and re-locate. In the absence of a Buy-Back Agreement, and limited recourse should the tenant default from the current payment plan, it would be prudent for HRM to negotiate a settlement that expedites completion of our funding role.

2. The Grants Committee could overturn staff's recommendation to transfer title and amend the current lease to purchase agreement to release Feed Nova Scotia from interest payments effective April 1, 2009.

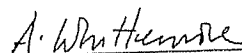
This action is not recommended: Albeit this scenario provides assistance to the tenant in terms of monthly cash flow it could delay re-location plans.

ATTACHMENTS

1. Letter of Request from Feed Nova Scotia to HRM dated December 3, 2008.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Peta-Jane Temple, Team Lead Grants & Contributions,
Community Relations & Cultural Affairs, Community Development, 490-5469

Report Approved by: 
Andrew Whittemore, Manager, Community Relations & Cultural Affairs,
Community Development, 490-1585

COPY

December 3, 2008

His Worship Mayor Peter Kelly
Halifax Regional Municipality
P.O. Box 1749
Halifax, N.S. B3J 3A5

Dear Mayor Kelly:

First of all I must begin my letter by acknowledging the tremendous support that this municipality, the elected Councillors, and you as our Mayor have given us over the past years. It does not go unnoticed or unappreciated. Having said that, I am humbly asking for your help once more. We are asking you to consider forgiving the remaining balance owing Halifax Regional Municipality by Metro Food Bank Society-Nova Scotia for our property, or to provide us with a Capital Fund that would be applied to clear out the debt, and give us clear title to this property. As of June 30, 2008 that balance was \$96,371.20.

When we made the arrangements to purchase this property from Halifax Regional Municipality in 1998, we felt that it would serve our needs for approximately 15 years. The growth that we have experienced, however, has been phenomenal, and as a result our Board of Directors is looking at a plan on how to manage this need. That plan could include a relocation plan for the entire organization, or for parts of program. In any event, we do know that we have outgrown our location on the Bedford Highway.

Our growth is due to many program changes and additions. First was the acceptance of a provincial mandate, which happened in 2002, meaning that we are now supplying product to 155 member agencies across N.S. Approximately 58% of the "hunger" population resides in HRM. In 2005 our organization assumed responsibility for the Helpline, when the Helpline Society gave up the program. This meant we needed space for the volunteers to work on the phone lines as well as for the program coordinators. In addition, 2005 was the year we started a Culinary Employment program for chronically unemployed individuals, and until we find another location we are temporarily utilizing the commercial kitchen at the NS Hospital. We are very different now than we were in 1998.

Finally, it goes without saying that we have also grown because of an economic shift that has further impoverished Nova Scotians. Need in this province has grown substantially in the past 10 years. On average there are between 38,000 - 40,000 Nova Scotians using food banks, shelters and soup kitchens in NS each month. We are bracing ourselves for 2009. With the downturn in the economy, the political uncertainty both here in Canada as well as

across the world, as retail businesses fail, as manufacturing plants close and more and more people will be put out of work, we can only foresee that there will be further growth at the front-line food bank sites in every urban centre and rural community in Nova Scotia

As the central collection and distribution centre commissioned to service these agencies, we must prepare for this growth and need. Hence our request of you, Your Worship, for relief of the debt remaining to HRM, which would immediately help our monthly cash flow, while at the same time allowing us to plan appropriately for relocation, rebuilding or whatever action it is that the final assessment advises us to take.

We thank you most sincerely for giving this your attention and look forward to hearing from you on your decision. If there are any questions that you would like answered, or clarifications to be made, please do not hesitate to contact me

Yours most sincerely,

Dianne Swinemar
Executive Director

Attachment 2

Supplementary Background Notes

Staff Report dated August 17, 2005.

In May, 2005, the Metro Food Bank Society asked HRM to forgive the society's "mortgage". HRM declined. The society subsequently requested HRM provide a letter indicating no objection to the society assigning the Lease to Purchase Agreement to their bank as security to increase their line of credit. In the event of default by the society, the bank would assume any outstanding commitment under the terms and conditions of the agreement. To date, the lease has not been assigned.

Staff Report dated April 3, 1998.

Regional Council approved a Lease to Purchase Agreement for 213-217 Bedford Highway, Halifax, to the Metro Food Bank Society for \$181,250 plus applicable closing costs of which \$72,500 to be paid by the society and \$108,250 from the Province of Nova Scotia. The appraised value of the property was \$290,000. The cost-share arrangement was as follows:

Metro Food Bank Society	\$72,500	25%
Province of Nova Scotia	\$108,750	37.5%
Halifax Regional Municipality	\$108,750	37.5%

HRM's in-kind contribution was through a less than market value sale leaving a balance of \$181,250 to be paid over a term of 15 years (2013).

Staff Report dated January 19, 1994.

Regional Council approved the purchase of the property located at 213-217 Bedford Highway, Halifax, for the sum of \$514,000. The conditions of sale included (a) relocation of the company to Bayers Lake Industrial Park, (b) waive the right to claim compensation for business disturbance, injurious affect, or moving expenses, and (c) to pay for any environmental clean-up based on an independent study paid for by the City of Halifax.

The property was appraised by At Tech Consultants in December, 1993, at \$478,000 which was \$31,300 below the assessment value of \$509,300.

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February 25, 2009

Feed Nova Scotia
213 Bedford Highway
Halifax, NS B3M 2J9

COPY

Dear Ms. Swinemar:

Re: Request to Waive Balance Owing to HRM for Property Acquisition

Please be advised your request is under review by the HRM Grants Committee who have asked staff to gather more information. Specifically, I need the society's help in answering the following questions:

1. If Feed Nova Scotia's intent is to sell the property and re-locate, will a bank advance a mortgage to acquire an alternate site or expand the current location if they do not have clear title to 213-217 Bedford Highway?
2. Has Feed Nova Scotia approached the Nova Scotia Department of Community Services or another source for funding to pay out the balance outstanding to HRM and secure unencumbered title?

I note from your reporting that the society serves ~150 member agencies of which ~50% are located outside HRM. Do other municipalities provide any funding assistance in relation to the food banks located within their jurisdiction?

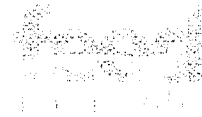
Once I have the information listed above we will be able to advance a report to the committee and through them to Regional Council. We wish to provide you with a timely response so as to expedite the Board's plans.

Thank you in anticipation of your cooperation.

Sincerely,

Peta-Jane Temple
Team Lead, Grants & Contributions

cc: File



April 16, 2009

Ms. Peta-Jane Temple
Team Lead, Grants & Contributions
Halifax Regional Municipality
P.O. Box 1749
Halifax, NS B3J 3A5

Dear Ms. Temple:

I thank you for your letter of February 25th and apologize for the delay in responding.

To respond to the questions that you have asked, we have not approached our bank for a mortgage at this point. Our long range plan was to attempt to acquire as much of the funding needed as we possibly could to allow us to relocate so that a loan or mortgage would not be necessary. We are seeking ways to begin to accumulate the funds needed to purchase a new site. Anything that we can do to reduce our monthly cash output would expedite this process. This would be part of a Capital Campaign. One of the proposed goals would be to relocate to a facility that would better serve our needs and growth and be mortgage free.

We have approached the Province of Nova Scotia regarding this in 2005. At the time the Minister of Community Services committed to pay out the NS government's portion if HRM agreed to waive their portion. Our meeting with HRM staff was unsuccessful in securing this agreement. Since then the Minister has changed so we would have to approach them once again.

At this point the only municipality supporting us is HRM, however we have begun approaching municipal leaders in other counties in anticipation of their support to our expansion. All municipal governments do support their local food bank agencies – the extent of that support is not known to FEED NOVA SCOTIA.

I do hope that I have answered all your questions, however in your preparation for Council, please call me if you need anything further. We do thank you so much for your consideration to your request.

Sincerely,

Dianne Swinemar
Executive Director