2013

MUNICIPALITY OF GREY HIGHLANDS

The Former Talisman Property

Options Paper

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Introduction

The decline of Talisman Resort is a Grey Highlands issue. In moving forward, Council will need to balance community expectations within the framework of a small rural municipality facing challenges and opportunities in the constantly evolving municipal sector and global economy.

Moving forward, there are a number of considerations that will be factored in the decision-making for Council:

- Employment opportunities
- Stabilization and increased property values in the vicinity of the property
- Benefit to the overall Grey Highlands economy
- Impacts on water/wastewater systems
- Impacts on the tax base

The decision-making process for Council will not be an easy one. It can be argued that decisions related to the former Talisman property will be the most difficult since the amalgamation of the Municipality. In short, the Municipality Grey Highlands is at a crossroads.

Synopsis and Timeline

In November 2010, the Municipality of Grey Highlands initiated tax sale proceedings on the former Talisman property pursuant to Section 373(1) (2) of the *Municipal Act, 2001* as follows:

> ***Registration of tax arrears certificate***
> *373. (1) Where any part of tax arrears is owing with respect to land in a municipality on January 1 in the third year following that in which the real property taxes become owing, the treasurer of the municipality, unless otherwise directed by the municipality, may prepare and register a tax arrears certificate against the title to that land. 2001, c. 25, s. 373 (1).*
>
> ***Form***
> *(2) A tax arrears certificate shall indicate that the land described in the certificate will be sold by public sale if the cancellation price*

In August 2011 all persons entitled to receive notice under Section 374 and in accordance 379 (1) of the Municipal Act, 2001

> ***Public sale***
> *379. (1) If the cancellation price remains unpaid 280 days after the day the tax arrears certificate is registered, the treasurer, within 30 days after the expiry of the 280-day period, shall send to the persons entitled to receive notice under section 374 a final notice that the land will be advertised for public sale unless the cancellation price is paid before the end of the one-year period following the date of the registration of the tax arrears certificate. 2001, c. 25, s. 379 (1).*

In October 2011, the Toronto Dominion Bank sought and received the appointment of a receiver through the Court.

In March 2012, after the unsuccessful efforts of the receiver, the following resolution was passed by the Municipality of Grey Highlands regarding Talisman Resort:

> ***THAT*** *staff be authorized to formally request the Receiver to support the Municipality of Grey Highlands in moving forward with the tax sale process;*
>
> ***AND THAT*** *failing the support of the Receiver to support moving forward with the tax sale, the Municipality of Grey Highlands apply to the Court for leave to commence the tax sale.*

In July 2012, the Municipality sought and received “leave” of the court to commence the tax sale. This leave was granted “subject to the Receiver not receiving or accepting a qualifying offer on or before October 12, 2012”.

In November 2012, the court ordered that the current receivership did not need to continue due to the unsuccessful attempts of the receiver to sell the property

No offer was received by the court imposed deadline. As a result, the Municipality initiated tax sale proceedings.

Initial tax sale was scheduled for December 2012. On the morning of the tax sale, our solicitors were advised that a sale of the property would occur in mid January 2013. As a result, based on the advice of legal counsel, the Municipality was advised to postpone the tax sale in accordance with the *Municipal Act, 2001, Ontario Regulation 181/03, Municipal Tax Sale Rules, Section 22(1)*, the tax sale process will be postponed:

> ***Postponement of sale***
> *22. (1) If, after a public sale under the Act is advertised in accordance with clause 379 (2) (b) of the Act, the treasurer is of the opinion that completing the sale would be impractical or would be unfair to the bidders or tenderers, the treasurer may postpone the sale and conduct it on a later date after readvertising it in accordance with clause 379 (2) (b) of the Act. O. Reg. 580/06, s. 3.*

Based on the information presented by the solicitor responsible for the transaction, it was anticipated that the sale would be completed by January 15, 2013. This did not transpire and the Municipality began to move forward with the tax sale process.

On March 4, 2013, the Municipality of Grey Highlands undertook a sale of land by public tender for seven properties that were incorporated into three land parcels for public sale purposes. The land parcels were distributed as follows:

Parcel #	FILE NUMBER	ROLL NUMBER	MINIMUM TENDER AMOUNT
Parcel 1	GYGH09-01 02, 10-09 10	42 08 390 004 10900 0000 42 08 390 004 12500 0000 42 08 390 004 12501 0000 42 08 390 004 12700 0000	$2,153,859.02
Parcel 2	GYGH 10-08	42 08 390 004 10700 0000	$39,966.21
Parcel 3	GYGH 10-11	42 08 390 004 12800 0000 42 08 390 004 12674 0000	$52,801.05

Bids were received on two of these parcels (GYGH 10-08 and GYGH 10-11). The highest bid on each exceeded the minimum tender amount. As a result, the Treasurer was satisfied that they were in compliance with the Municipal

Tax Sale Rules. On March 8, 2013, funds were received from the highest bidders “in full” on each parcel. This moved the process forward with Ontario Tax Sales. The deeds were transferred into the new owners’ names on March 12, 2013. As a result, the transactions on the two parcels were completed in accordance with the applicable legislation. As required, the surplus funds will be forwarded to the Provincial Court for distribution. A third parcel (GYGH09-01, 02 10-09, 10) received no bids on March 4, 2013.

After consideration of a number of options, the Municipality in May 2013 elected to move forward with second tax sale. The Municipality could have decided to carry out a second tax sale of this property within two years of the first public sale in an attempt to receive bids that meet the minimum tender amount. Although difficult to maintain consideration of the negative impacts the closure of Talisman has had on the local area and economy, the primary responsibility of the Municipality is to recover the substantial tax arrears, charges and penalties. With this in mind, the option of an additional tax sale provided the greatest potential reward with minimal risk to the corporation or residential tax base. Moreover, when looking at the property in its entirety, there is considerable investment value in the opportunity that exceeds the cancellation price.

The rationale for moving forward with an additional tax sale at this time is based on anecdotal evidence that suggests that the postponement of the tax sale on the properties in December, 2012 had a direct impact on the lack of bids and interest on the largest parcel of land in March, 2013. For example, there appeared to be a lack of confidence that the Municipality would follow through on the tax sale process and there was/is increased due diligence on the part of proponents looking to secure the largest parcel.

A second tax sale was held on August 12, 2013. No bids were received.

Since that time, municipal staff has been gathering data and information with respect to the property and what are the appropriate next steps for Council to consider. Based on this assessment, the following information is presented.

Options

At this time there are a number of options before the Municipality. The options are as follows:

- Do nothing
- Hold tax sale but write-off and charge back other taxing bodies
- Accept and Move forward with the Bill Minnis proposal
- Consider Proposals prior to vesting
- Vest the Property.

It should be noted that there are options under the vesting that Council could consider in a concurrent fashion.

Option 1: Do Nothing

The Municipality could take no action in which case after two years the tax sale is deemed to have been cancelled. This would mean that the taxes and interest would remain outstanding, and the Municipality would be entitled to commence the process again with the registration of a new Tax Arrears Certificate. This is not a viable solution.

The option to do nothing in essence results in a write-off of the taxes and chargeback to the other taxing bodies (County of Grey and education taxes). The amount of that could be charged back from the other taxing bodies is established at three years and is as follows:

3 years worth of County taxes	$104,578
3 years worth of school taxes	$217,731
Total potentially recoverable	$322,310

There is also capping impact which could potentially be another $30,000.

In this scenario, Council is executing a write-off based on the recommendation of the treasurer that the taxes are uncollectable and that there is no other remedy that would be appropriate or effective. This is not an option that can be supported at this time. The following Table outlines the positive and negative attributes of this option:

POSITIVE	NEGATIVE
• Provides the ability to recover amounts paid to other tax collecting bodies • Clears the taxes receivable. As a result it does not show as a potential	• Municipality loses tax revenue • Ownership of the property remains in the name of the delinquent owner – often may abandon the property or have no interest in maintaining

false asset that may never be recovered • This may sometimes be a reasonable option where the cost of the sale may be more than the value of the property or where the lands are contaminated and the Municipality does not want to assume	• Property often becomes hazardous and decrepit. Increasingly unlikely to sell

From a socio-economic standpoint there is no benefit for this option as the property will continue to deteriorate and the neighbouring homes will continue to feel the negative impact. In addition, this approach can have a crippling effect to the users of the water and wastewater system

Option 2: Hold a Tax Sale but Write-Off and Charge Back to Other Bodies Pursuant to an Unsuccessful Tax Sale

In this option, Grey Highlands can write-off the arrears pursuant to an unsuccessful tax sale, regardless of whether the decision is made to vest the property. The following Table outlines the positive and negative attributes of this option:

POSITIVE	NEGATIVE
• Provides the ability to recover amounts paid to other tax collecting bodies • Clears the taxes receivable. As a result it does not show as a potential false asset that may never be recovered • Demonstrates best efforts used to recover taxes through a public sale • Ability to advertise the property for a less value or vest	• Added costs if there are no benefits to be gained from a tax sale, write-off or vesting

Option 3: Bill Minnis Proposal

The overview of the Bill Minnis proposal is as follows:

Immediate Site Work

The Talisman Resort GP Inc. (the "GP") will at its cost:

- Immediately secure the property and will board and shutter broken windows/doors and endeavour to prevent access to trespassers;
- Clean up exterior debris and hazards and perform periodic grass cutting and general maintenance;
- Patch/repair pot holes on main Talisman drive through;
- Organize marked patrol security tours; and
- Post additional no trespassing signs.

Develop New Business Plan (120 days)

The GP will, at its cost, within 120 days, engage professional groups to assist with the following:

- Engineering study to determine the structural integrity of existing site improvements;
- determine infrastructure requirements (water, sewage, hydro);
- conduct market surveys necessary to determine scope of market and market absorption potential;
- Create preliminary "massing plans" based on zoning and density provisions; and
- Create a preliminary financial proforma.

Development Application Process (180 days)

The GP will, at its cost, within 180 days, prepare and submit a draft plan of subdivision.

Amenities Review and Assessment- (180 days)

The GP will, at its cost, within 180 days:

- determine most advantageous amenities package (ski/golf);
- undertake a cost vs. benefit analysis; and
- develop a sales marketing package/program (residential sales)

In addition, if required by Council, the GP is prepared to provide monthly reports on the progress of the above referenced undertakings and all material events impacting Talisman.

The GP will also agree that:

- On any sale of all or part of the Talisman lands, proceeds resulting from the sale would first be applied to Talisman's tax arrears account;
- On any refinancing of all or part of the Talisman lands, the net proceeds from same (of up to 50% of the then outstanding tax arrears) would be applied to Talisman's tax arrears account.

Harmonization

The GP is prepared to commit its time and effort and to bear all the costs of this "rehabilitation and repositioning" of Talisman. The GP respectfully requests that Council consider and agree to the following:

- Although the *Municipal Act* allows The Municipality of Grey Highlands to conduct a further tax sale, we ask that any and all action in this regard be postponed for a minimum of 24 months to allow sufficient time to reposition the property; and
- To work with the GP in promoting the plan for a "repositioned" Talisman and make it clear to the community and the local press that the Municipality believes in the property and is committed to making it successful.

Option 4: Consider Proposals Prior to Vesting

The Municipality of Grey Highlands can consider proposals from proponents prior to vesting, but cannot transfer title until after a vesting occurs in other words, a conditional offer can be forwarded to the Municipality subject to the vesting of the property in order to transfer title to the purchaser.

The Municipality could seek out a partner and do a joint venture however this does go beyond the scope and purpose of the Municipality. The Municipality is not a property developer and should not consider that path. What the Municipality could consider is the potential of leasing the lands and buildings to a business enterprise with an option to purchase at some point in the future.

Option 5: Vesting

Vesting the property in the name of the Municipality is pursuant to Section 379(5) of the *Municipal Act*. The Municipality will receive clear title to the land subject to the following under 379(7.1):

> *(a) Easements and restrictive covenants that run with the land, including those for the benefit of the Crown in right of Ontario;*
>
> *(b) Any estates and interests of the Crown in right of Canada;*
>
> *(c) Any interest or title acquired by adverse possession by abutting landowners, including the Crown in right of Ontario, before registration of the notice of vesting.*

Before making a decision on vesting the Municipality should be aware of any of the above three qualifications that might apply to the property. At this time, the Municipality is not aware that any of the above elements exist. Moreover if that was the case, it would have undoubtedly occurred after the March 2013 tax sale.

Often in cases of this nature there may be federal Crown liens which are not eliminated by a Notice of Vesting, and which would continue to apply to the property even after it is in the ownership of the Municipality.

In addition, the Municipality should assess concerns about ownership of the property given that there may be environmental, non-repair and servicing issues. Section 386.1 of the *Municipal Act* allows the Municipality up to two years to enter and inspect the property before vesting, including carrying out an Environmental Site Assessment. The legislation sets out an advance process which must be followed before the inspection can be carried out. This would enable the Municipality to determine what liabilities it would be taking on by vesting the property.

If the Municipality chooses to vest the property, the Municipality owns the land free and clear with some exceptions. The following should be noted as direct effects to vesting:

- The Municipality has two years from the day of the unsuccessful sale date to vest the property
- If vested, the property becomes tax exempt
- Property may be used for Municipal purposes or sold as surplus lands in accordance with local policies and by-laws
- If vested the Provincial Crown interests (liens) cease to affect the property making it more saleable. If the property was sold in a tax sale, the Provincial Crown interests (liens) would continue to affect the property

The following Table outlines the positive and negative attributes of this option:

POSITIVE	NEGATIVE
• Municipality has control or use over the lands • Property becomes an asset. It may be sold or used for Municipal purposes	• Costs and risks will be assumed by the Municipality

If the property is sold after seven years from the vesting or if the minimum tender amount (MTA) was less than $10,000, the municipality does not have to share the proceeds with other bodies where taxes were charged back to or with Provincial Crown liens. If the property is sold within ten years from the vesting and the MTA was over $10,000, the proceeds of the sale would have to be shared with other bodies that taxes were charged back to and Provincial Crown interests (if any). The formula for the sharing of proceeds would be as follows:

- Identify amounts owed to each body: Municipality, other tax levying bodies and the Province. Each body caps its' claim at the assessed value of the property;
- Total the amounts owing. Divide the amount owing to the Municipality by the total to establish the proportionate share of the proceeds

Costs for improvements made by the Municipality would be deducted from the proceeds before sharing

It is important to note that the Federal Crown is not bound by Provincial legislation such as the *Municipal Act*. As a result, unless some agreement is reached with the Federal Crown, the interest will continue to affect the property even after vesting by a Municipality. The Federal Crown is usually open to this as there is always interest to receive some form of recovery.
In general, liens entitle the lien holder to take action and seize and sell property to recover the debt owed to them. Because the Federal crown has priority, it seldom takes the initiative to do so, waiting instead for someone else to take action and count on receiving a payout when the property is sold or financed.

This position does not justify making a property permanently unsaleable because the Federal Crown is unwilling to enforce its lien. The Federal Crown lien is often worth much more than the property and is filed with the Sheriff or registered on title to capture any lands the debtor has or will have in the future.

The Federal Crown recognizes that by encumbering a property with a lien that is for more than the value of the land, that they will never recover any money. They will be responsible for the continued decrepitude of the property that they have rendered unsaleable by their lien if they do not enforce their lien, lift it or negotiate the lifting for some of the proceeds.

The Federal crown will often try to negotiate a process where they will agree to lift the lien if the property sells in a tax sale and the municipality turns over the proceeds (a portion of) to them. However, the *Municipal Act* does not permit this action. As a result, the municipality must hold a tax sale and then negotiate with the Federal Crown to permit the sale of a vested property free of Federal Crown interest. It should be noted that the other bodies would need to be part of the negotiations as they may be also entitled to a share of the proceeds.

The Municipality could seek out a partner and do a joint venture however this does go beyond the scope and purpose of the Municipality. The Municipality is not a property developer and should not consider that path. What the Municipality could consider is the potential of leasing the lands and buildings to a business enterprise with an option to purchase at some point in the future.

On September 20, 2013 our solicitors advised that the best course of action is for the Municipality to vest the property and ultimately dispose of the property subject to the following provisions:

> *Vesting the property in the name of the Municipality is pursuant to Section 379(5) of the Municipal Act. The Municipality will receive clear title to the land subject to the following under 379(7.1):*
>
> *(a) Easements and restrictive covenants that run with the land, including those for the benefit of the Crown in right of Ontario;*
>
> *(b) Any estates and interests of the Crown in right of Canada;*
>
> *(c) Any interest or title acquired by adverse possession by abutting landowners, including the Crown in right of Ontario, before registration of the notice of vesting.*

As stated previously, at this time, the Municipality is not aware that any of the above elements exist. Moreover if that was the case, it would have undoubtedly occurred after the March 2013 tax sale.

Considerations

KAT Water System

The Kimberley-Amik-Talisman water system is composed of a Class III Water Treatment System and a Class I Water Distribution System. The following provides an overview of the system:

- Rated capacity of Water Treatment Plant – 1,185m3/day
- In plant water use – 2.22 + 50 + 49.9 = 101.62 m3/day at maximum usage
- Maximum day water use in 2012 is 223m3/day
- Number of residential equivalent housing units in 2012 is 176
- Number of persons per equivalent home is 2.5
- The estimated maximum day demand for each residential equivalent home is 2.1m3/day including 15% leakage
- The available water treatment capacity based on 2012 data is 860.4 m3/day

Based on the 2012 data, the estimated available remaining water treatment capacity for residential equivalent units is 410. The allocation for the former Talisman Resort is 50 residential equivalent units. As a result, there are 360 residential equivalent units for future development.

AMIK Wastewater System

The AMIK wastewater system is composed of a Class I Wastewater Treatment System and a Class I Wastewater Collection System. The following provides an overview of the system:

- Rated capacity of Amik Sewage System 214.9 m3/day (78,430 m3/year)
- Average sewage flow in 2012 is 68.6 m3/day including extraneous flows
- Number of persons per equivalent home is 2.5
- Estimated sewage usage per person is 364 litres/day
- Estimated extraneous flows per housing unit is 20% of 910 litres or 182 litres per residential equivalent unit
- The available sewage treatment capacity based on 2012 data is 146.3 m3/day

Based on the 2012 data, the estimated available remaining sewage treatment capacity for residential equivalent units is 134. The allocation for the former Talisman Resort is 60 residential equivalent units. As a result, there are 74 residential equivalent units for future development.

It should be noted that if the proposed expansion and upgrading of the Amik System is carried out as already approved, the estimated cost will be $1,300,000. The rated capacity of the Amik Sewage treatment would be increased to 157,300m3/year or 430.96m3/day. This would allow for an additional capacity of 78,870m m3/year or 216.1m3/day. This translates into an additional 198 residential equivalent units.

At the present time, the residential equivalent units for both water and wastewater remain with the former Talisman property subject to master planning development of the property in the future. To not keep the units allocated to the property would be an increased burden to the users on a system where the sustainability of the system due to lack of users is in question. As a result, the maximum number of units that is available at the present time for development without any expansion of the system is 74.

As the property continues to be responsible for the delivery charge for both systems and arrears have been charged to the property taxes, the impact is not attributed to the systems as a receivable but as a levy shortfall. The cumulative impact since June 2011 is $320,656. Going forward, the additional increase will start in 2014 at $225,301 per year.

State of the Buildings and Surrounding Lands

The buildings have deteriorated since the closure of the resort in March 2011. Since that time, the buildings have been exposed to winter conditions absent heat. There has been significant vandalism in the buildings and mould remediation will be required. It is questionable whether rehabilitation of one or more of the buildings would be cost effective.

As part of assessing next steps for the Municipality, our insurance carrier was contacted to determine what requirements would be necessary should the Municipality vest the property. Our insurance carrier advised that due to an inability to access the buildings but based on rough estimates of size, structure, materials and potential state of the interior due to vandalism and exposure to elements, coverage would only be available up to the costs of demolition. Should the Municipality vest the property, the locations would be included into the comprehensive liability coverage. In order to ensure due diligence, should the Municipality choose to vest, the insurance carrier would be contacted. Preliminary discussions have outlined that due diligence would be related to ensuring entry is prevented (ordered by the Fire Chief as a result of the August 2013 fire), signage, restricted entry through the property, regular monitoring and repairs to Talisman Mountain Road. It should be noted that a meeting should be conveyed with the residents of Talisman Mountain Drive (private road) should the Municipality vest the property to review agreements if any and move forward in an appropriate fashion.

The lands have significant overgrowth and it is undetermined if the once popular golf course can be rehabilitated. It is anticipated that the hills would require grooming in the spring and the fall and those aspects would need to be considered moving forward.

It is anticipated that should the Municipality choose to vest the property, the following increased operating costs would need to be incorporated into the operating budget.

Cost Item	Estimated Cost
Minimal Repairs to Talisman Mountain Drive	$15,000.00
Signage	$2000.00
Restricted Entry to Buildings (already completed under FPPA)	
Barriers and Monitoring	$2000.00
Grounds Maintenance	$5000.00
TOTAL	**$24,000.00**

As noted previously, the insuring of the buildings would be based on demolition costs. Three quotes were pursued and the two quotes were forwarded to the Municipality. The quotes ranged from $524,000 - $660,000. Any salvage would be considered as a "bonus" and not reduced on the estimate.

The key reason for the costs associated with the demolition costs is related to tipping fees and transportation costs. Any demolition from the building would be shipped to Hamilton or Michigan, thus the fees. It would not be intended to utilize our landfills to ensure that our remaining capacity and modeling maximizes the life cycle of our landfills. Other options of rehabilitating the concrete would need to be explored to determine if any further cost savings could be realized.

It should be noted that to insure the buildings upon vesting is not anticipated to be pursued based on the preliminary discussions with the insurance carrier, but could be revisited.

There has been a decrease in the assessed value of the property and the following table outlines the change:

Parcel #	ROLL NUMBER	ASSESSED VALUE (2012)	ASSESSED VALUE (2013)
Parcel 1	42 08 390 004 10900 0000	$7,016,000	*$5,175,525
	42 08 390 004 12500 0000	$485,000	$407,000
	42 08 390 004 12501 0000	$151,000	$131,000
	42 08 390 004 12700 0000	$115,000	$117,500

**Subject to phasing over the next three years to $6,828,000*

Local Resident Concerns

Residents have been in communication with Municipal Staff throughout the tax sale process. There is much speculation in the community and misinformation. A meeting was held on September 21, 2013 by concerned residents. The concerns of the approximately 51 residents in the area were summarized and forwarded to the Municipality as follows:

Former Talisman Resort

- It was unanimously acknowledged that MGH should vest in Talisman.
- It was unanimously acknowledged that residents should have input to future development decisions regarding the Talisman property.

Water

- MGH should confirm it is proposing blended water rates (where applicable) to be in place by the start of 2015.
- A similar wastewater blending rate system should be developed where appropriate.

Property Standards By-Law:

- The By-law enforcement officer should have the jurisdiction to evaluate and enforce property standard by-law concerns without Council's participation. Council should only be involved if there is a dispute.

An additional theme that was identified was the need for accessible information on the issues and improved communication with the residents.

Moving Forward

The Municipality of Grey Highlands can consider proposals from proponents prior to vesting, but cannot transfer title until after a vesting occurs in other words, a conditional offer can be forwarded to the Municipality subject to the vesting of the property in order to transfer title to the purchaser. The concern of moving forward in this manner results in the further decline of the property, does not provide any framework to address the ongoing concerns of the residents, potentially compromises the ability to recover outstanding arrears as the assessed and market value will continue to devalue and impacts the long term capital investment plan for the KAT and AMIK systems.

The Municipality could seek out a partner and do a joint venture however this does go beyond the scope and purpose of the Municipality. The Municipality is not a property developer and should not consider that path. What the Municipality could consider is the potential of leasing the lands and buildings to a business enterprise with an option to purchase at some point in the future.

In analyzing the options available to the Municipality, it is evident that the best opportunity to recover the outstanding tax arrears is through the vesting process. The critical element that the Municipality needs to consider is what the vesting of the property looks like. It is in this area that can define the Municipality of Grey Highlands. When considering the decision to vest, Council must determine if it is going to quickly dispose of the asset or take a more strategic approach in framing the re-development of the property that meets the needs of Grey Highlands and promotes the concept that Grey Highlands is truly "the place for all seasons".

There exists the opportunity to move forward with both options and with the vesting of the property, the Municipality remains in control in the decision-making process. In either scenario, it must be acknowledged that there is no "immediate fix" and that any re-development will take time.

Vesting and Disposing of the Property through a Sale of the Property

Should the Municipality choose to vest and dispose of the property via the market, in essence the Municipality is conceding that the cancellation price established in the August 2013 tax sale is no longer attainable. In this scenario, the Municipality would need to determine what an acceptable "write-off" would be and how this would be offset by alternative revenue streams such as development charges and taxation diversification and increased assessment. The key to this route is to align with the correct broker.

Vesting the Property with a Vision of the Future

As stated previously, the Municipality should not be in the development business but can facilitate the development process in accordance with Provincial regulations, Official Plans, Zoning, Transportation, Public Utilities, Residents and the Municipality as a whole.

This scenario is much more "process driven" but allows the Municipality to take the time to make the right decision and ensures that the "right developer" will be able to deliver on the established vision for the property in the long-term.

This process will require an internal and external scan of the resources and provides an excellent opportunity to truly engage residents through an advisory committee that can assist Council in establishing a vision for the property.

The establishment of the Advisory Committee would be through an application process and would draw upon identified skill sets required to assist the Municipality in the establishment of what should be considered for the re-development of the property. Terms of Reference would need to be approved by Council but the Committee would be interviewed by an independent panel with recommendations coming to Council for approval. If Council chooses to move forward in this manner, Terms of Reference should be presented at the next Council meeting for consideration with recruitment to follow quickly.

Some of the issues that the Advisory Committee and Council need to consider are the following:

- What are the real issues for the property?
- What do we have and what is missing? Where are our tourists coming from?
- What Ministries can assist and how?
- What elements of the property are viable to maintain? What are the priorities?

- What will a mixed-use development look like?
- Do the economics make sense?
- What consulting services will be required?
- Understanding what we have and how to work with it.
- Will the re-development framework offer a solution that will create jobs, and strengthen the local economy
- Ensuring that communication paths are established and maintained to multiple publics

It is important that we adjust our frame of reference on the development of the property to the demand side as opposed to the traditional supply side. By moving in this manner, an opportunity to establish a new neighbourhood node can be created.

Conclusion

The economic downturn and slow recovery has resulted in communities to seek a more environmentally friendly lifestyle. There is a strong belief that we're entering the urban century that emphasizes sidewalks, bike paths and parks. There is also a greater sense of community and recognition of the value of community.

It is important that rural planning is about place and investment. Rural planning needs to capture land use in a more effective way. By moving forward in this manner Municipalities have an opportunity and responsibility to design communities based on the following:

- Importance of mix-use planning
- "back to basics", simplicity and movement
- Community Tourism = neighbourhoods as a vibrant destination

The re-development of the former Talisman lands provides such an opportunity for the Municipality of Grey Highlands to establish a neighbourhood node that is reflective of the elements outlined above. In order to facilitate such a framework, the only option that would promote such a development framework is to vest the property.

Recommendations

The following recommendations are outlined for Council's consideration:

- That the best course of action is for the Municipality to vest the property and ultimately dispose of the property subject to the following provisions:

  Vesting the property in the name of the Municipality is pursuant to Section 379(5) of the Municipal Act. The Municipality will receive clear title to the land subject to the following under 379(7.1):

  (a) Easements and restrictive covenants that run with the land, including those for the benefit of the Crown in right of Ontario;

  (b) Any estates and interests of the Crown in right of Canada;

  (c) Any interest or title acquired by adverse possession by abutting landowners, including the Crown in right of Ontario, before registration of the notice of vesting.

  As stated previously, at this time, the Municipality is not aware that any of the above elements exist. Moreover if that was the case, it would have undoubtedly occurred after the March 2013 tax sale.

- That Terms of Reference be established and presented for Council consideration for the establishment of an Advisory Committee to assist Council in determining the future course for the property. Terms of Reference should be submitted to Council for consideration on October 7, 2013. Upon Council approval, recruitment of the Advisory Committee will begin.

- That Council considers the hiring of a consultant to assist and ensure that the re-development framework for the former Talisman lands meets all requirements and principles established.