

# PRINCE EDWARD ISLAND LEGISLATIVE ASSEMBLY



Speaker: Hon. Francis (Buck) Watts

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## Standing Committee on Infrastructure and Energy

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**MEETING STATUS:** PUBLIC

**LOCATION:** LEGISLATIVE CHAMBER, HON. GEORGE COLES BUILDING, CHARLOTTETOWN

**SUBJECT:** BRIEFING ON SLEMON PARK CORPORATION

**COMMITTEE:**

Dr. Peter Bevan-Baker, Leader of the Third Party  
Kathleen Casey, MLA Charlottetown-Lewis Point (replacing Hon. Alan McIsaac, Minister of Agriculture and Fisheries)  
Bush Dumville, MLA West Royalty-Springvale [Chair]  
Jamie Fox, MLA Borden-Kinkora  
Sidney MacEwen, MLA Morell-Mermaid  
Chris Palmer, MLA Summerside-Wilmot (replacing Hal Perry, MLA Tignish-Palmer Road)

**COMMITTEE MEMBERS ABSENT:**

Richard Brown, MLA Charlottetown-Victoria Park  
Hon. Alan McIsaac, Minister of Agriculture and Fisheries  
Hal Perry, MLA Tignish-Palmer Road

**MEMBERS IN ATTENDANCE:**

none

**GUESTS:**

Island Investment Development Inc. (Jamie Aiken); Slemon Park Corporation (Shawn McCarvill)

**STAFF:**

Emily Doiron, Clerk Assistant (Journals, Committees and House Operations)



The Committee met at 9:30 a.m.

**Chair: (Dumville):** I'll call the meeting to order. Our first line of business is the adoption of the agenda.

**Ms. Casey:** So moved.

**Chair:** Kathleen Casey.

Today, we have Kathleen Casey subbing for Alan McIsaac; welcome Kathleen. Chris Palmer subbing for Hal Perry; welcome Chris. I'd like to welcome all the rest of the members of our committee. Richard Brown will be along a little later; he's at another engagement, but he'll be joining us shortly.

Today we have a presentation on Slemon Park from Shawn McCarvill and Jamie Aiken. I welcome both you gentlemen here today.

We can do this one of two ways. You can go through your presentation and we can ask questions after, or we can take questions as you go through your presentation, or we can just use clarification questions. Which would be your preference?

**Shawn McCarvill:** It may be better to just do the clarification questions potentially –

**Chair:** You'd prefer to –

**Shawn McCarvill:** – and try to go through. But either works.

**Chair:** We'll just kind of play it by ear and see what –

**Shawn McCarvill:** Yea, we can play it by ear, that would be fine.

**Chair:** – the (Indistinct) like here.

What will happen is whenever my colleagues indicate that they'd like to ask the question they'll get my attention and then you can kind of just look. If you see me go like that you'll know that there's a question there and just give me a little pause.

Speak clearly into the microphones because it's being recorded. Each time before you talk if you could mention your name so the

recording people will know where to place the camera.

**Shawn McCarvill:** Okay.

**Chair:** All right, the floor is all yours.

**Shawn McCarvill:** Mr. Chair, should I look at you when I'm speaking for the most part?

**Chair:** No, you can look wherever you want. Just give me your name each time you speak.

**Shawn McCarvill:** Thank you Mr. Chairman, thank you members of the Legislative Assembly.

Ladies and gentlemen, thank you for this opportunity to make a presentation of the Standing Committee on Infrastructure and Energy. We're very proud of Slemon Park and the developments over the last 25 years. This is our 25<sup>th</sup> anniversary. We believe it's an extremely important economic asset for Islanders.

My presentation today will include a short history of Slemon Park. We'll talk about Slemon Park now 25 years later. We'll look at it from an infrastructure and energy perspective and then we'll talk about our vision for the future and then look forward to having discussions with you about your version of what that vision may be.

Here's a picture of the property around 1945. Mr. Chair, can you see? Oh, you have the version there, okay.

**Chair:** I'll follow along here. Thank you, though.

**Shawn McCarvill:** It was established in 1940-1941 as RCAF Station Summerside. It was established as part of the British Commonwealth air training plan. You can see on that picture, the main commercial buildings that we still have today at the top of the picture. There were five hangar buildings. We still use hangars 3, 4 and 5. Our offices in the Summerside Airport are in the middle hangar building there, hangar 3. A lot of the other buildings are still used today. The former officer's mess building is the front desk of our hotel, if you've been into our hotel and where our Anson's Restaurant & Bar is, and the residence

buildings for the Atlantic Police Academy are part of that original group of buildings as well. That was a property, RCAF Station in Summerside 1940-1945.

Here's another picture of the property. In the mid-1960s it became CFB Summerside, and actually 1968. So it's actually been Slemon Park longer than it was CFB Summerside. The picture is kind of turned upside down in this case. The hangars are at the bottom of the picture. There were, as I say, of the five hangars, hangars 1, 2, 3, 4, and 5. I'm not sure whatever happened to hangars 1 and 2. When we took over the property there was only hangars 3, 4, and 5.

But, you can see it's a very busy place; a lot of buildings, a lot of cars, a lot of people working there. The houses are in the upper part of the picture. The houses were built in the late 1940s, early 1950s. That's kind of the CFB Summerside that I remember as a child growing up in Kinkora.

This slide will speak about the transition of the property from CFB Summerside to Slemon Park over the last 30 years or so. In April of 1989 was the year that the federal government, the Mulroney government of the day, unexpectedly announced the closing of CFB Summerside. I remember that day very well. I believe it was \$40 billion deficits at the time. It was the end of the Cold War and they were closing a number of military installations across the country, including CFB Summerside. But, it was expected to be a devastating thing for the Town of Summerside, at the time, a loss of 1,500 jobs; 10% of the local workforce.

Don MacDougall, who was associated with the Conservative party at the time; I'm sure we all know Don as the chancellor of the university. Don was asked by the federal government to come up with a solution for the redevelopment of the CFB Summerside property, so his concept was Slemon Park Corporation; this unique not-for-profit company. His concept was that the company would eventually be owned by the major shareholder tenants who established that Slemon Park, and for that the corporation acquired the assets for \$1. There was also a trust agreement for the first 10 years. The shares were held in trust by three trustees; Don MacDougall, Dave Loggie and Mike Schurman, were the actual three trustees.

The organization was incorporated. It received \$15 million over five years; 10 million from the feds and 5 million from the province on kind of a declining basis of funding, five, four, three, two, one funding over five years to convert the property with the objective of creating 500 direct and indirect jobs by 1995. An indirect job was to find us half of a direct job, so the objective was really to create 333 direct jobs. We'll see how we did against that original objective.

In 2002, the trustees had only allocated shares to one major shareholder tenant which was Vector's parent company, Canadian Helicopters Corporation, and the original senior management team, the original presidents and senior vice-presidents, received 4.5% of the shares as well. So there are 55.5% of the shares that weren't otherwise allocated. In 2002, 15 years ago, the province became the majority owner of this for-profit corporation. That was the structure for a whole long time and a year and a half ago, in March of 2016, IIDI, Jamie's organization, acquired the remaining minority shares and so since then, the province has been the 100% owner of Slemon Park Corporation.

We operate effectively as a Crown Corporation under IIDI and we operate as a government-business enterprise. We generate our own revenues and meet our own viability. So that's kind of the structure.

Mr. Chair, I don't know whether anybody wants to ask a question at that point in time or whether –

**Chair:** I see no indication.

**Shawn McCarvill:** These are the real estate assets at Slemon Park; 1,400 acres of land and airport of an 8,000 foot runway. There were three runways, but we only have one active runway; 40 commercial buildings. There were over 100 buildings when we took over the property. The commercial buildings include six hangars, including our flagship hangar 8 property. I'll talk more about hangar 8 particularly later. We have hotel residence, food and beverage facilities and 253 homes.

Those are the real estate assets, but these are the real assets at Slemon Park. These are the

organizations that have established in Slemon Park. Most of them have been with us for a long time. Vector and Honeywell have been our anchor aerospace tenants for our whole history. They've both been here for over 25 years. This image identifies the organizations, basically from the largest, full-time – largest number of full-time employees on the upper left-hand side, Vector having over 450 employees, down to some of the smaller organizations on the lower right-hand side.

Vector and Honeywell, Fibre Connections, MDS, we the Slemon Park Corporation, Old Dutch, the Department of Transportation, Infrastructure and Energy is at Slemon Park; the Atlantic Police Academy, Tronos, John Deer/Green Diamond. We have a daycare, Little Angels Daycare, Nautican, Duinkerken Foods, New Leaf Essentials, Academy of Learning and Home Instead. Those are some of the organizations that employ the over 1,000 people working in Slemon Park.

This is what we call the Slemon Park advantage station or the benefits for employers, perspective organizations considering doing business in Slemon Park. First and foremost, it is the productive Island workforce proven by Vector and Honeywell's growth and success in the international marketplace over the last 25 years. We identify that we are beside a great, small ocean-side city in Summerside. We're only 45 minutes from another great, small ocean-side city. We have affordable homeownership and a short, enjoyable commute to work. We have quality commercial space, competitive lease rates because we acquired the properties for \$1. We have a low property tax structure because we are outside of the City of Summerside, and we have a private airport with no scheduled passenger service so there are open skies there for potential organizations.

For our whole history, the province has provided an aerospace tax rebate program, which is a rebate of provincial corporate taxes and provincial property taxes. So those are some of the reasons for organizations to establish in Slemon Park.

But, it's not just all about work at Slemon Park. There's a lot of ways that Islanders

interact with Slemon Park in a lot of different ways as well. We have an ice arena at Slemon Park. It's operated by a local community group called the Slemon Park Plex. We have Prince Edward Island's only indoor trampoline park, Off the Wallz, which opened Christmastime last year. We have a gymnastics program at Slemon Park, CrossFit; we have hounds grounds, a dog park in our residential community. Bent Elements is a little organization that has some escape rooms and a laser tag game areas. At the front of the property we have Air Force Heritage Park with three vintage aircraft; that aircraft you see in the picture is the Argus aircraft. Our main facility, hangar 8, was built in 1960 to accommodate six of those aircraft, and I'll talk a little bit more about that.

We, as Slemon Park Corporation, operate the residential community. We rent out the 253 homes. You've likely seen our t.v. commercial, Living Made Easy in Slemon Park, with our 253 full-service homes. We operate the convenience store and post office, which we call On the Fly Quickway. We operate the Slemon Park Hotel & Conference Centre, which includes Anson's Restaurant; one of Summerside's better restaurants. And we operate the Summerside Airport, which we position as a learning airport, different from some other airports and the airport is foundational to us as an aerospace organization.

Over the past 25 years, the aerospace industry was created and it's now the fourth-largest industry on Prince Edward Island. Three of the top 10 exports as identified by Stats Canada from Prince Edward Island are aerospace-related products. In fact, the only two products that exceed aerospace are potatoes and lobsters; potatoes, lobsters, and aerospace. We have proven that we can compete in advanced manufacturing and other non-traditional industries in a global arena. Vector has got operations in five continents that it manages from its Summerside operations. There's over 1,000 people working in Slemon Park for the 20 plus operations, and there's over 700 people living in our homes.

Now, looking at it from an infrastructure perspective, our most valuable infrastructure is hangar 8. It is that 300,000 square foot cantilever hangar built in 1960, so it's

getting close to 60 years old. We insure it for \$45 million and there's 560 people, more than half of the people working in Slemon Park, work in that single building; tremendously valuable building. The other commercial buildings that we own are mostly those 1940s vintage buildings insured for \$48 million, about 600,000 square feet of all kinds of varying qualities of spaces, and there's 500 people working – these employment numbers are as of the end of August, so that 500, is people working at all of the properties on Slemon Park including the Atlantic Police Academy, the department of transportation and the Old Dutch building, the New Leaf building which is – so those three organizations own their old building, so some of those 500 jobs aren't just with Slemon Park Corporation buildings, but they're at Slemon Park.

We operate the 253 homes which we built in around 1950, and we operate the water and waste water utility including a mechanical waste water treatment plant, two pump houses and reservoirs, water and sewer lines. We operate the Summerside Airport. Last to be surfaced in 1978, almost 40 years ago until this month, including runways, taxiways and lighting systems and the whole 1,400 acre property was turned over to us including the 15 kilometres of roadways. The province, by agreement, has had responsibility to maintain the roadways throughout our whole history dating back to 1991, and we are working with the province these days to officially make the roads public roads and turn them over to the department of transportation rather than them being owned directly by Slemon Park Corporation.

So overall, our insured value is \$113 million. For the buildings alone, we have almost 1.2 million square feet of space at Slemon Park, and there's 1,075 people working at Slemon Park. Again, so that 1,075, compares to the 333, which was the original objective.

Infrastructure and Energy; over the last five years we've been able to do five significant upgrades. Four of those are sanitary sewer line related. We replaced the sanitary sewer line in our residential community, including the services to all the 253 homes.

Since we were required by the province we've been able to do three important sewer line projects under the new infrastructure arrangement, including a lift station serving hanger eight and two sections of sewer line on Larchwood Avenue and Aerospace Blvd. Very happy that one of our major infrastructure projects that we've been working on for a long time is the paving of the Summerside Airport. Just this past Sunday, Curran and Briggs actually did the work. We were able to complete that paving, that paving was done. We received a loan from IIDI for that, in terms of financing that. Those are the significant projects.

I'll talk a little bit about the Summerside Airport in terms of the future plan for some of the additional work we hope to do there. These are our future plans – these are Slemon Park plans – these haven't been approved by any level of government besides our own planning and consideration.

By the end of 2018-2019, we hope to pave an additional 25 metres of our runway, bringing it out to 45 metres, which is 150 feet, which is the same width as the Charlottetown Airport runways and it's a fairly traditional width for runways these days. The runway is currently 200 feet wide, so we don't really need 200 feet of runway. At that point in time we hope to bring in the runway lights which are at the 200 feet width. They can't stay at that width when we only have 150 foot width of runway.

Hanger 8 is the other major infrastructure project. Hanger 8, again, was a building built at hanger six aircraft back in 1960. Its heating system is a steam distribution system and we burn bunker C oil, so we'd like to update that system to convert that steam line into a hot water line so we can consider other kinds of heating alternatives, whether that's wood or propane or geothermal or some other source.

As the landlord there, we've been responsible for the heating and the major tenants, Vector and Honeywell, have looked after the ventilation and the air conditioning system. So there are probably times of the year – in the shoulder season particularly – when we're generating heat and they're using their air conditioning systems to kind of control that. Anyway, it isn't a very

efficient system currently that we hope to update.

As well, we have a good entrance to the second floor on the main entrance to the property at the front of the property and we hope to install a similar kind of an entrance on a smaller scale at the back end to provide better access to the second floor, as well as to upgrade some of the common areas of the building. We just have a small little canteen for the 560 people working there. That's been there for 25 years so we hope to upgrade that facility as well, as kind of a common area upgrade. Those are some of the upgrades that we have in our short-term planning.

In long-term, there's all kind of potential infrastructure upgrades to our water and sewer and other things, but it's in a pretty good state of repair currently. We'd like to consider a new hanger at some point in time. The residence facility serving the Atlantic Police Academy is an almost 80-year-old wooden structure, so we'd like to upgrade those facilities at some point in time as well.

Our infrastructure challenge generally, is that our main buildings and other assets are 25 years older than they were when we acquired them for \$1.00. We all can appreciate that aging process.

Almost finished; the future direction for Summerside Aerospace and Business Park, we believe we are unofficially Summersides' Aerospace and Business Park. Our main areas of development have been aerospace and training, so we see that continuing.

The chairman of the board for Slemon Park Corporation is Wayne Carew. I'm sure most of you are familiar with Wayne. A couple of years ago Wayne identified the concept of a third leg on the stool, aerospace training on a third leg. We still haven't quite identified what that third leg might be. But we understand that the PEI Energy Corporation is working on some innovative energy projects so we would look forward to partnering with the PEI Energy Corporation, or anybody else, in some innovative energy projects. We have 1,400 acres of land. Maybe geothermal might be a good fit for us or solar, or other options.

We are optimistic on the aerospace side. We are optimistic that there will pilot training happening next fall – significant pilot training starting next fall – and growing for the next number of years at Slemon Park. We would have had 100 commercial buildings there at some point in time; we have excellent service land that's available for any green field development. If anybody wants to do any green field development, then the Province of PEI has great quality land for that green field development.

Because we are a former air force base and the home of the Atlantic Police Academy, public safety is an excellent niche for us in training. We do a lot of training. Currently, the RCMP does training there, the Department of National Defense, Fisheries and Oceans, Parks Canada. There's a lot of public safety training done there already and it's a real opportunity for us to grow.

We established a new brand with the Atlantic Police Academy called the Canadian Centre of Public Safety Excellence, so that kind of moves the Atlantic Police Academy brand beyond Atlantic and policed to Canadian and public safety, so that has worked really well.

This year we did a master land use plan to identify how we would develop the property over the next 15 or 20 years. That's our roundabout; that picture in the lower right hand corner is the roundabout at Slemon Park. If you don't recognize those two buildings at the end there, those are future concept buildings and looking forward to any suggestions the committee might have in terms of what we would actually have going on in those buildings.

With that, Mr. Chairman, that wraps up the presentation. We believe strongly that investing in Slemon Park is the best thing in our collective future and the sky is the limit and looking forward to discussions beyond that.

**Chair:** Thank you very much for a very wonderful presentation. We're all curious of how you're making out up there. We know you're making out good.

We have Chris Palmer and then we have Sidney MacEwen.

Chris, are you opening the questioning?

**Mr. Palmer:** Thanks, Shawn, for the presentation; it's really good.

There are lots of really important assets to our province in Slemon Park and I think it's wonderful that we have those. I'm really excited about the additional paving that was just finished, which I think I need some clarity on this. I'll ask the question and you tell me whether this – maybe it doesn't make sense – but I think it's an 8,000 foot runway, is that correct?

**Shawn McCarvill:** Yes it is.

**Mr. Palmer:** Would that now give us the capacity or – I guess it was always 8,000 feet – but does it give us the capacity to be able to attract or start to use air transport as freight? So instead of gravel barges coming in, could we fly it in? Maybe it's not gravel, it could be lobster, it could be potatoes, could be – is there opportunities around that larger runway? I think it's the largest on PEI, is that correct?

**Shawn McCarvill:** It is.

**Mr. Palmer:** Is there opportunities to fly cargo in and out of there? Have you been looking into that as a growth piece for Summerside?

**Shawn McCarvill:** Thank you, Chris.

The runway, we've always had the runway that exists today for our 25-year history and we've been working on variations on those things for most of our history. The original concept is that we would be a fly-in fly-out overhaul repair centre; that was the original concept, flying in planes, working on the planes and then they would actually leave. We've been looking at options in terms of bringing in aircraft and painting aircraft. On an ongoing basis, we've been working with the province. The Department of Innovation and Advanced Learning is our main organization that works with us on the recruitment of new perspective tenants

We have considered commercial traffic, I guess, or commercial cargo. One of the fundamental challenges for us on that basis is a commercial cargo usually works better in a hub area, rather than – Moncton is probably a better hub for that in terms of FedEx's and those kinds of the world, where

there is a number of entities feeding into an overall central hub. We're kind of at the end of that; we're kind of a spoke at the end of that rather than a national hub. It kind of works against us. We have had that fully functioning runway and we've looked at that and we continue to look at that.

The opportunity that we have identified that we believe has the best potential and is a real natural for us with all of the related facilities, is the pilot training business. That's really opened up. The pilot training business has been fairly marginal in Canada for most of its history, but because of markets opening up in China and other markets, then there's an opportunity there that has been growing and we believe that we can acquire a portion of that portion.

In terms of the future of the runway, that's one key area. We're also looking at companies potentially that could be air framer companies that would come in and overhaul an aircraft, do C checks and D checks, kind of similar to what Tronos does. Those are the two main areas of aerospace that we're looking at, is that air framer company as well as pilot training (Indistinct)

**Chair:** Another one?

**Mr. Palmer:** Yes.

I just wanted to clarify a little bit around that cargo piece. I get it that, we're not the hub; we're more of the spoke to be able to do those kinds of pieces. But could we do direct flights of lobster out of there? It's not the kind of thing that I think we'd have flights coming in every three hours, but is that the kind of thing where we could with those larger planes, put loads of lobster of them and send them somewhere? Are those opportunities for us?

**Shawn McCarvill:** We haven't identified that business opportunity; the organization who would do that yet. I'm not sure if that's Jamie Aiken.

**Jamie Aiken:** It's definitely something that we're investigating through the department of innovation and economic development. To Shawn's point, we really need to find that right match. We had some preliminary discussions with a few companies about that. I think that was the first step, is we

need to continue to reinvest in the runway. Once the runway is there it's a much easier sell, rather than if they can't see it, they're always a little bit cautious.

To Shawn's earlier comment, too, we are investing in the hangar space as well, because that is a critical component that they need to have to park that aircraft when it comes in.

So the short answer is yes, we are looking at the possibility of cargo coming in to Summerside. It could be lobster; it could be a number of different things.

**Mr. Palmer:** Thanks, Chair.

**Chair:** This is the order, Sidney, Jamie, Peter and then Kathleen.

Sidney.

**Mr. MacEwen:** Thanks, Chair. Thanks, Shawn for the presentation.

I've been up a few times and toured a number of facilities and don't disagree that things are going well. My questions are about your new bosses. I guess the first question is: Maybe you want to give us a bit of a summary of how the province came to own Slemmon Park Corporation?

**Jamie Aiken:** As Shawn alluded to in the presentation, the federal government, when it closed the property down there 25 years ago, there was a framework to try and transition the park over into the private sector and they rewarded companies based on job creation. One company did acquire, essentially, 40% of Slemmon Park, and the remaining approximately 56% was deeded or transferred over to the province.

Over time, that company that received the share, ownership in Slemmon Park was no longer a tenant, they relocated to other areas of the country. It became somewhat problematic is the province to continue to invest in Slemmon Park – was indirectly increasing the value of their shares as well.

As they were not a tenant and they did not have a vested interest necessarily in the park, the decision was, we wanted to take advantage of taking full ownership of the park so we could help direct it and use it to

its full potential economic development. That's what occurred here approximately a year and a half ago when we acquired the other 40% ownership.

Since that time, as Shawn alluded to in his presentation, we've gone through the different assets to try and identify what are the top priorities that we should be looking at. They had done a strategic vision here approximately three years ago. The two big items that were identified were the share structure to try and identify that and get it resolved, which we were able to do. Then the second was the runway. As Shawn alluded to, the runway has held up very well over the last 40 years but it is getting to that point where it needs to be addressed and reinvested if we're going to continue to have a runway at Slemmon Park.

I don't know if that kind of gives you a little bit of background to how we got to where we're at?

**Mr. MacEwen:** Yes.

**Chair:** Go ahead Sidney.

**Mr. MacEwen:** Thank you.

That was March, 2016 and it was \$2.4 million that – it was IID that purchased the outstanding shares. Then this year we loaned Slemmon Park Corporation \$3.2 million, right?

**Jamie Aiken:** Correct.

**Mr. MacEwen:** That's about what, \$5.5 million the province is into this. Have we ever, as a province, loaned money to ourselves? Like how many other Crown agencies has IID loaned money to?

**Jamie Aiken:** There's, I believe, two questions there. The first question with regards to the second component of the financing of the \$3.2 million; that was existing debt that was within Slemmon Park that was owed to a chartered bank. It came up for renewal. During the renewal process we went and got interest rates, both through Provincial Treasury and through the chartered bank. The interest rates were more competitive through the Provincial Treasury. We renewed our loans through the Provincial Treasury. There was interest

savings by doing that which will allow to improve cash flows and monies to be reinvested back into the strategic asset to help with cash flow purposes.

The second component to your question: Has IIDI lent money to other Crown Corporations? The answer is: Yes. The first would be the Atlantic Technology Centre and when it was constructed back a number of years ago; money was lent through IIDI to the ATC. So, there are a few other comparable types of developments. Essentially, when we look at a project we try and see if the project can service debt. We want that project to service debt as opposed to grants or non-repayable dollars. We try and find that appropriate balance between a grant and a debt.

**Mr. MacEwen:** Are there any special rules or guidelines in place for IIDI loaning money to public entities?

**Jamie Aiken:** We do have a lending policy within IIDI and we follow that. We have our loan limits, essentially, where we would submit a loan application. It would go first – anything over a half million dollars would go to the IIDI board. Anything over \$1 million then goes on to Treasury Board and anything over 2.5 million goes on to Executive Council for approval.

In that approval process, we will do our due diligence. We will assess cash flow, security, past performance as well as the potential for performance going forward based on cash flows.

**Chair:** Sidney.

**Mr. MacEwen:** Thank you, Chair.

The IIDI board doesn't have any members of the public on it, correct?

**Jamie Aiken:** That is correct.

**Mr. MacEwen:** When we lend money to private corporations, that's one thing. I guess my question is: Are you concerned when we have government lending money to government and we don't have any public oversight on the IIDI board? Is there any concern there?

**Jamie Aiken:** As of right now, we have a very capable staff, in my opinion, that review these loan applications. They have experience doing loans. They assess the risk and the cash flow and the security.

I believe there are very capable people on the IIDI board as well as at Treasury Board and Executive Council that do evaluate those credit submissions. I think in this case here at Slemon Park, I think this is a very strategic asset that has created, and I believe, will continue, to create jobs here in PEI. There's over, I believe, 1,000 people that are working within this property and over 700 people living there. I think this is a testament to a good project and how governments working together have grown this into a success story, which could have been not so successful.

**Chair:** One more?

**Mr. MacEwen:** Yeah.

Thank you, Chair.

I don't disagree with you and hopefully it is a success story, but I guess my concern as being a member of the opposition is last spring there were a bunch of estimates that we tried to get details of IIDI, and it being a Crown Corp, we can't get those details in the budget estimates because it's a Crown Corporation. So, we have to take pause for concern when we do see government lending money to government and we can't access the details of IIDI.

I guess that's where my line of questioning is coming from. I guess I'm wondering: Is there any special circumstances, other than your usual loan process, when you have two public entities dealing with each other?

**Jamie Aiken:** Essentially, I believe I understand the questions you're asking and we try and follow the lending practices that have been set out before us where we review the credit and ensure that we have all the checks and balances in place. Our annual report is published on a yearly basis, and that is made available to the public.

In this case here, I guess I'd come back to – I think this one has been very positive, this relationship with the lending activities from IIDI to Slemon Park and how it has been

able to create significant economic development with the hangar 8, the construction of test cells and more and more growth with the companies there.

**Mr. MacEwen:** The loan process is the same –

**Jamie Aiken:** It is –

**Mr. MacEwen:** –as if it was –

**Jamie Aiken:** – the same, yes.

**Mr. MacEwen:** Okay, thank you, Chair.

**Chair:** Jamie Fox.

**Mr. Fox:** Thank you, Chair.

Thank you, Jamie, thank you, Shawn for coming in today. I think Slemon Park has been a – is great for the province. I'm glad to see some work being done on the actual runways and stuff.

Following back on Sidney's point, for a second, back in estimates as Sidney alluded to, we tried to get information on IIDI and we were told we couldn't get it because they're outside of government. I have a concern also when we're – if we have, supposed to be a government agency loaning money back to government. I have to wonder is it a way to hide money or hide what's going on.

Question being is: Who sits on the IIDI board?

**Jamie Aiken:** For clarification, you're asking who the board members are –

**Mr. Fox:** Who are they?

**Jamie Aiken:** Currently today it's Deputy Minister David Keedwell, Deputy Minister John Jamieson, Dan Campbell, myself and, just one sec, my apologies – and Deputy Minister of Workforce and Advanced Learning, Brad Colwill, who's in an acting role.

**Mr. Fox:** When this deal was put together between IIDI and Slemon Park, who was on the board back then?

**Jamie Aiken:** I would have to go back and check the records. There have been changes in the deputy ministers over the past year and a half. It would be the deputy minister of workforce, deputy minister of economic development and tourism, deputy minister of agriculture, the secretary of Treasury Board and the executive director of IIDI, at that time.

**Mr. Fox:** Thank you.

Back in your presentation we talked about the \$3.2 million loan approved in August of 2017. In the presentation you also alluded to a runway improvement loan of \$1 million. Is that included in the 3.2 or is that above and beyond?

**Jamie Aiken:** That is additional financing. That was related solely to the tender that was issued for the runway, which was awarded to Curran & Briggs.

**Mr. Fox:** What is the total anticipated cost of the total runway rehabilitation?

**Jamie Aiken:** That project hasn't been fully tendered yet. Essentially, we have replaced 20 metres of the middle section of the runway. There would be additional work proposed in the subsequent years, which could range between another \$1 million and then for more work on the lighting, probably another million to a million and a half.

**Mr. Fox:** Are there any restrictions on the runway use right now? My understanding possibly, is FOB or FOD or something?

**Shawn McCarvill:** Sorry, there is a risk. The current quality of the surface because it's 40 years old, there is a risk of foreign object debris. So, that's the main reason that the runway has to be surfaced is because of that. With the paving of the centre 20 metres, now we're able to deal with the significant portion of that foreign object debris risk. Then, next year when we pave it out to the 150 feet width, then that will deal with the significant portion of that risk. There is always a foreign object debris risk so that will deal with that potential risk.

**Mr. Fox:** How much does the federal government use the runway now? I know there is a lot of the Hercules come in there a lot and stuff like that. What is the

arrangement between the federal government or DND and the park or now IIDI?

**Shawn McCarvill:** We don't have any formal arrangement. The military is a significant user of our facility; 413 search and rescue squadron does training there regularly. We also have 426 training squadron out of CFB Trenton that's been coming to Slemon Park to do training for the last six or seven years.

This is excellent use of the actual facility. They bring in a Hercules aircraft and they bring in about 30 people who buy fuel from us and stay in our hotel. They're here for two weeks or so. It's actually ideal use of the facility. At Slemon Park we often try to fit a square peg into a round hole, but this is actually a round peg into a round hole. It's the use for which the facility was actually developed.

Those are the two main uses. From time to time other federal departments land there, but we don't have any official arrangement with them. Our source of revenue for the airport is selling fuel. That's how we generate the revenue that operates our airport, is selling fuel so that's –

**Mr. Fox:** If a plane lands at the airport they don't pay for a land and take-off?

**Shawn McCarvill:** Most aircraft don't. There is a small number of commercial aircraft. The Irvings and others fly in there from time to time. We charge a landing fee for commercial aircraft, but we don't charge a landing fee for general aviation and we don't charge the military any kind of a landing fee.

**Mr. Fox:** Final question: Can you explain you alluded to the tax structure or tax incentives. How does that work?

**Shawn McCarvill:** The program was established originally when Slemon Park was created back in 1991-1992. I'm not directly involved in that. The province, Innovation PEI, I believe administers the actual program and perhaps, Jamie, you could speak to it after me in terms of more clarity.

I understand that the organizations provide their financial statements, tax returns to the province identifying what their tax payments are and then the province sends them a cheque for that, is I believe how the actual program works.

Originally the program was a Slemon Park aerospace tax credit, but a number of years ago it became a private aerospace tax credit. That program isn't a Slemon Park-specific program, that's a PEI program.

**Chair:** Peter Bevan-Baker.

**Dr. Bevan-Baker:** Thank you, Chair.

Thank you Shawn and Jamie for being here and for the presentation, I want to go back to the \$3 million, the \$3.2 million loan that was issued in August, 2017.

Slemon Park became 100% owned by the province in March, 2016 and we paid \$2.4 million to the 44% shareholder. Now, we found out this morning, and I wasn't aware of what that \$3.2 million was being used for – we discovered recently it was to refinance debt.

When you bought the facility in March, 2016 for \$2.4 million, were you aware, at that time, that there was this accumulated debt of \$3.2 million?

**Jamie Aiken:** Yes. When we went into discussions with the minority shareholder there were valuations done on the assets. Both based on fair market value and earning potential. Those were the basis for the discussions.

When the professional accountants were looking at it, they would look at the existing debt load of the corporation, so those were all known facts.

**Dr. Bevan-Baker:** Would it be correct to say that the offer that you made, the price that you paid; the \$2.4 million, took into account the fact that that shareholder was responsible for a portion of the existing debt at that time?

**Jamie Aiken:** The debt that was inside Slemon Park at that time was monies that were borrowed to reinvest in strategic assets of Slemon Park. The corporation itself had

that debt obligation. Both shareholders would have been aware of those strategic initiatives of the construction and the debt that was associated with it.

When we made the decision to have a negotiation with the minority shareholders, the debt was a known fact to both of us. We knew what it related to; the strategic assets that were within Slemon Park.

**Dr. Bevan-Baker:** The \$2.4 million price tag that we paid, again, I'm trying to understand here, whether the debt being responsible to that minor shareholder was taken into account in that price that was paid?

**Jamie Aiken:** Yes.

**Dr. Bevan-Baker:** Thank you.

Chair, I have questions on the upgrades to the water infrastructure, the water treatment infrastructure.

On September 29<sup>th</sup> of this year, there was a press release suggesting that it was going to cost \$1.2 million to upgrade the water treatment facilities in Slemon Park; \$600,000 from Ottawa and 300 from, both the province and Slemon Park, which basically is \$600 million from the province because we now own Slemon Park.

On June 9<sup>th</sup> of this year, there was also a press release suggesting that the cost of this wastewater system replacement was going to be \$229,000. We've gone from \$229,000 on June 9<sup>th</sup>, to \$1.2 million on September 29<sup>th</sup>.

Can you explain why the cost change was so dramatic in such a short time?

**Shawn McCarvill:** If you turn to the slides on page 5, the top slide is the infrastructure projects over the past five years. I'm not sure who did that actual press release, but I believe that original press release, in terms of the \$1.2 million would have included projects two, three and four; \$600,000, \$300,000 – \$600,000, \$300,000, \$300,000 would be the \$1.2 million and I'm not sure what – the second, I believe, would have been one of those second projects.

The lift station project for hangar 8 was actually a 2016 project we have just completed. The two projects, the infrastructure projects approved for this current year, are the two sewer line projects on Larchwood and Aerospace Boulevard. I believe one of those \$300,000 numbers that you referenced would have been related to that second project; that sewer line project.

**Dr. Bevan-Baker:** Chair, I'd like to move to the flight school, the pilot training.

Shawn, you described that, the word you used was 'marginal', that pilot training has been a marginal business. Do you want to expand on that a little bit?

**Shawn McCarvill:** It's something that we have identified through a lot of our history as a potential. We've tried to reach out to a number of flight schools. The Moncton Flight College was in financial difficulty in the last number of years, within the last seven or eight years, potentially, or I believe it was. They were a key school in this part of the country, but they have since identified the market in mostly China, and so that they've gotten a lot of – so they're now a strong operation based upon that new market potential.

That's the market potential we have identified. We've been working with an organization that is basically established, but it has a number of hurdles in terms of Canadian licensing and Chinese licensing that has to be done before we can get there. We believe that we will eventually get there and to ramp up students starting next September and continue to ramp up from there.

**Dr. Bevan-Baker:** Thank you, Shawn.

You've mentioned a couple of times now that the market is in China. As I understand it, they're 40,000 or 50,000 person-deficit in the number of pilots that they need to service China and the new burgeoning air industry there.

Can you confirm then that the pilot school that you're talking about here is going to be specifically used by Chinese pilots to train?

**Shawn McCarvill:** It won't be necessarily specifically, but that will be the key market

for it, is that is the key market and it will be open to any other pilots above and beyond that.

**Dr. Bevan-Baker:** Will this be an Island-owned flight school?

**Shawn McCarvill:** It won't be Island owned, it'll be owned by a Canadian organization, but it won't be Island owned.

**Dr. Bevan-Baker:** Will the pilot training be carried out by Island pilots? Because we only have one very small pilot training school currently out of Charlottetown, as I understand it.

**Shawn McCarvill:** Yes. We haven't determined that yet who the pilots will be.

**Dr. Bevan-Baker:** One final question on this, please Chair.

Are we talking about private pilot licences or commercial pilot licenses, or both?

**Shawn McCarvill:** It will be both.

**Dr. Bevan-Baker:** Can we expect then, over Summerside, a significant increase in the number of flights of large aeroplanes taking off and landing from Slemmon Park as a result of this new pilot school?

**Shawn McCarvill:** The planes will be small private planes and twin-engine planes, so there won't be any large aircraft associated with it.

**Dr. Bevan-Baker:** Thank you, Chair.

I have more question, but –

**Chair:** Sure, I'll put you back on.

Kathleen Casey.

**Ms. Casey:** Great. Thank you, Mr. Chair.

Shawn, Jamie, thank you for your presentation. I enjoyed hearing the history of Slemmon Park, and the devastating news that the City of Summerside received, and now the success story that Slemmon Park has. Shawn, I felt your positive energy when you talk about the success story that it is today. I think some of that positive energy is a direct result of the relationship you have with your

partners; IIDI, provincial, federal governments. I feel that you said: the sky is the limit. I feel great success coming in the future for Slemmon Park.

One of the things that I was interested in is one of your assets. That asset is the 253 residential units. Can you tell me about what the occupancy rate is there with those residential units?

**Shawn McCarvill:** Yes. Those units are significantly filled. We have, by my last check, 94% occupancy in those units. We have a lot of – we have been renovating units recently to be senior-friendly units, so over 50% of our residents of our homes would be occupied by seniors, 50-plus, I guess, if we define seniors in that way.

It's great to see the houses – in recent years weren't filled up – but they are now significantly filled up.

**Ms. Casey:** Thank you.

Mr. Chair, there is no doubt that Slemmon Park is a huge asset to, not only to the City of Summerside, but the Province of PEI.

Can you talk a little bit about – I know there are a lot of people in the Summerside area who use the Slemmon Park facilities – can you talk about the clients you serve that aren't tenants of the facility who may use the assets but don't pay – like say don't pay rent?

**Shawn McCarvill:** Yes, there are a lot of other operations that we operate. Our main business, our core business, is the property management business and the commercial leasing business is how we categorize it. We are also a residential landlord. We are probably one of the largest residential landlords in Prince Edward Island. We operate the Slemmon Park Hotel & Conference Centre, which was a facility that we have operated.

Just by way of background, I was actually the original chief financial officer for Slemmon Park Corporation starting in 1991 as well, so I'm in my second tour of duty with Slemmon Park. I was there for four and a half years at the original time and now back in my 10<sup>th</sup> year. When we established the operation, we identified that there are a

number of different ways that we could operate the property. We could either engage third-party operators or we could do it ourselves and we chose to do a lot of things ourselves, including starting to operate those residence facilities. So, we've been operating the Slemon Park Hotel & Conference Centre in some variation for the last 25 years.

We have the Anson's Restaurant, which is named for one of the aircraft that originally flew there, and so that restaurant is used a lot by the general public. We operate the Summerside Airport and those recreational facilities as well at Slemon Park; the Slemon Park arena, the trampoline park. Those are all great facilities. We were able to establish the gymnastics program. The gymnastics program originally started in what we had called the Canada Games Sports Centre at the time, but that facility is now the trampoline park; as well as the CrossFit program started there.

We've been able to incubate a number of businesses there that have moved on. The gymnastics program is now offered in the 4 Slemon Park Drive plaza building, as is the CrossFit program. So there's CrossFit, gymnastics, dancing and different things going on.

**Ms. Casey:** I can see that you're bringing the importance of bringing the community into Slemon Park. I picked up on your 'sky is the limit' and Slemon Park is open for business, and I know we're a world class aerospace industry and you're pursuing flight schools.

What other new tenants are being pursued? Are there any other niche markets that are being pursued that would complement what's going on at Slemon Park?

**Shawn McCarvill:** Yes, we have a couple of – to the extent – I'm not sure where I am in terms of announcing new tenants. I guess that isn't my role to announce new –

**Ms. Casey:** Yeah, no. I don't want you to do that today.

**Shawn McCarvill:** So, we have a couple of new tenants this year; relatively smaller tenants, but good tenants doing other kinds of manufacturing operations. As I identified,

we are exploring potential for organizations similar to Tronos; organizations, airframe companies that would do that kind of work, and we're exploring the opportunity with training organizations as well focused on public safety, but other kinds of training organizations as well that we provide the accommodations. We identified that we are in the training business, but we're really in the training facilities business.

We provide the ancillary facilities, the accommodations and the food services and some classroom facilities, and some related training-related scenario-based facilities, but it's really other training organizations. We're looking at – public safety is our main focus there, but other kinds of training organizations who could come in and establish and bring in people to do short-term training or long-term training. The aviation-related training could be another potential area of strength for us.

**Ms. Casey:** Great, just to wrap up, Mr. Chair – thank you.

It's nice to have organizations come in that are succeeding, and I wish you nothing but the best. I know you said the 'sky is the limit', so I wish you nothing but the best.

**Shawn McCarvill:** Thank you very much.

**Ms. Casey:** You're welcome.

**Chair:** Thank you.

I'd just like to insert myself here in extension to Kathleen's question, and to Peter's question. In terms of Kathleen's question, 94% occupancy; was that due to your television commercial? Was it lower before the television commercial?

**Shawn McCarvill:** Yes, Mr. Chair.

Actually, we had 25% vacancy a few years ago, so I think we focused more. During most of our history, we didn't spend a lot of money on the actual homes because we were focusing on the commercial properties and so – before the province took over, but we had a more concerted effort on investing in the actual houses, so I think we've improved the quality of the houses.

We have identified senior-friendly units. We brought in a daycare. We opened a dog park and we now have a community coordinator. We've tried to improve and try to improve that full service, and I think our little t.v. commercial was actually successful as well. It was pretty effective (Indistinct) -

**Chair:** It was excellently done.

**Shawn McCarvill:** Yeah.

**Chair:** Just an extension on Peter's question; he was asking about pilot training. How do you have pilot skill and language skill in that plane? Like, where do you find a pilot that speaks Chinese?

**Shawn McCarvill:** Right, thank you, Mr. Chair.

That's one of the real challenges in – the language of aviation is English and so that's one of the real strengths for Canada and the US and other countries in terms of doing pilot training. So, we will have to assess the language abilities of the students coming in. As well, Holland College will be involved with us as a partner in terms of improving and updating some of those language skills. As you have identified, the pilots have to be able to speak English, well.

**Chair:** I understand that.

No more interruptions from me; back to Jamie.

**Mr. Fox:** Thanks, Chair.

Two questions: Can you explain to us what are you looking at – can you explain more about the green technology or what your plan is there to get away from bunker C up there at the (Indistinct) –

**Shawn McCarvill:** The key building that we need to update, we have a 15-year lease with Vector now, so there is an opportunity for us with that long-term lease arrangement for us to make an investment in that building.

As identified, the current heat distribution system is a steam distribution system which isn't a very efficient system and it was, I believe, the original system. So, we want to convert that system to hot water which will

then allow us to consider other sources of fuel. We're going to be working with the PEI Energy Corporation in the next few months to do an engineering analysis associated with that in terms of an analysis associated with our system and the tenants' systems. We're considering what the best alternative is.

We've had proposals from organizations identifying that geothermal may be a good solution. We haven't come to that conclusion yet. We own 1,400 acres of land at Slemmon Park. I'm not an engineer, I don't know the exact numbers, but we've had consideration of district heating proposals in the past as well, hangar 8 being one of the buildings for which a wood-source heat solution may be a good solution. Prince County Hospital installed a wood-source heat solution recently, so we're working with some of the people who were involved in that project.

Wood as a PEI source of energy; as a carbon-neutral source of energy, would be a good alternative to me. That's kind of plan A in my mind. I'd like to consider the geothermal as a potential as well, because in that building, we need to do both heating and cooling, so I think geothermal provides an opportunity there.

We have looked at district heating, some of the commercial buildings; potentially district heat in the houses, but we haven't made the business case for those investments to date.

**Mr. Fox:** What parts of the base are not under Summerside city's control?

**Shawn McCarvill:** Generally, looking at that picture, the residential community – the Summerside city boundary goes up Slemmon Park Drive, which is the main road – it goes up Slemmon Park Drive, that's the boundary, and it goes up beyond the houses almost to the commercial properties. So it goes beyond the houses.

The City of Summerside boundary includes our 253 homes on the right-hand side. It includes the 253 homes and it includes the Atlantic Police Academy school building, and all of the other properties are outside of the City of Summerside. The houses, the 253 homes, and the Atlantic Police Academy school building – the Atlantic

Police Academy owns a single residence building as well. It's in the commercial area cluster, so that building is outside of the City of Summerside. So, the school building of the Atlantic Police Academy and the 253 homes are within the City of Summerside boundary.

**Mr. Fox:** Thank you.

**Chair:** Are you done?

**Mr. Fox:** Good for now.

**Chair:** Just a quick question on that: Was there any plans to extend your housing component; different sorts of condos or semis or whatever?

**Shawn McCarvill:** Yes, Mr. Chair.

We're starting to consider that now. One of the foundational things for that is our roadway system. We've been waiting for our roadway system to become pure public roads in terms of options around that. We have some good serviced residential lots that we can consider for future development. We're not, at Slemmon Park Corporation, subject to provincial approvals, see potential for the residential community to actually expand.

Within the City of Summerside there is lots of good land there for future expansion. We don't have any firm plans around that currently. We have been asked to develop a plan there to consider other types of residential development, but we don't have any firm plans at this point in time.

**Chair:** Thank you.

I'm just going to let Mr. Fox; he has a follow-up, before I go to Peter and then Sidney.

Go ahead.

**Mr. Fox:** First of January, or thereabout, the new municipalities act comes in and that gives sweeping powers to the minister where communities can be annexed, or pieces of property can be annexed by towns.

The question being is: If the City of Summerside were to expand its boundaries to include all the base beyond the PMQs,

you have a tax incentive in place, have you thought anything of what that could mean if an annex like that continued and then now you have a City of Summerside tax rate. Would that hurt growth?

**Shawn McCarvill:** I believe the province would likely need to be involved in that annexation consideration. Property taxes, the commercial property tax structure within Charlottetown and Summerside are relatively high tax rates, so adding that property tax burden onto us at current commercial tax rates would be a significant cost for us.

At Slemmon Park Corporation we wouldn't like to see that happen. Potentially, if all of Prince Edward Island was included in some kind of a municipality and if there was a review of rates based upon services provided, we provide our own water and sewer utilities, so we don't rely – fire protection is the main service that the city provides to our commercial properties and we pay the City of Summerside for that service.

In the long-term, if we had a property tax structure that was related to the services provided to our commercial properties, then I think that would be appropriate.

**Chair:** Would you apply for a tax-free zone if something, like if Mr. Fox said, might happen?

**Shawn McCarvill:** That would need to be a provincial consideration beyond my role, Mr. Chair.

**Chair:** Okay, good enough.

Peter Bevan-Baker.

**Dr. Bevan-Baker:** Thank you, Chair.

Presumably, when the province took over Slemmon Park they felt that certain things could be better achieved through solely public ownership than the previous arrangement.

Can you explain what things can be better achieved through entire public ownership of Slemmon Park?

**Jamie Aiken:** Do you want me to go first?

**Shawn McCarvill:** Sure.

**Jamie Aiken:** The first thing that I'd like to note is, when the province was investing in Slemon Park it was increasing the value of the entire park for all of the shareholders. The other minority shareholder that the province had to acquire their ownership from, were not investing in the park. So, investment in the park we're increasing their value. We felt that that shouldn't continue. That was the primary reason why we wanted to acquire full ownership.

Then, it also complimented the opportunity to ensure that the vision of Slemon Park was not impeded or changed by a minority shareholder. Because the minority shareholder is on the board and they made be profit-driven or other factors when we're more focused more on economic growth and job creation. Those are the two primary factors that we were looking at when we were acquiring full ownership of Slemon Park.

I don't know if there's any more to add there, Shawn?

**Shawn McCarvill:** It's good.

**Dr. Bevan-Baker:** Thanks, Jamie.

When the province took over full management of Slemon Park, were there changes to the board. Do we now have provincial representation on the board that we did not have before, or an increased percentage of that? How has the management structure changed?

**Jamie Aiken:** Under the previous, a pre-acquisition, there was government representation on the board. There were two members that were on the board. As of today there are three government representatives on the board with, also, the existing private sector. There is approximately –

**Shawn McCarvill:** Three.

**Jamie Aiken:** – three private sectors on the board, as well.

**Dr. Bevan-Baker:** A bit of talk from Mr. Fox's questions and your follow-up, Chair, about the tax structures in Slemon Park and

how they differ from other municipalities, specifically, Summerside next door.

I know there are a number of arrangements, agreements with current tenants on tax holidays. Could you give us the status of those? What the length of the agreement is, and whether the new tenants who are coming in will be offered the same sorts of tax holidays as incentives to move into Slemon Park?

**Jamie Aiken:** I don't have that information here with me today. If that's something we can bring back to the committee, I'd like to do that if that's possible.

**Dr. Bevan-Baker:** Okay. I'll follow-up with – I think Shawn wants to say something.

**Shawn McCarvill:** The original aerospace tax rebate program, which I believe is the program that you referred to, was a 20-year program. It was originally a Slemon Park aerospace program. At some point in time the province made it a provincial program, so it's an aerospace rebate program that applies to aerospace companies anywhere on Prince Edward Island. That program was extended for an additional 10 years. It was extended, so I guess if it went from 1992, it'll extend until 2022.

**Dr. Bevan-Baker:** The aerospace industry is a pretty cutthroat place and there has been lots of news in the media recently about other countries subsidizing their aerospace industries to extraordinary extents and the US, very recently, putting some very heavy costs on importation of aerospace products into the US.

Are you concerned that in this incredibly competitive marketplace that the tenants that you have currently in Slemon Park are going to – you mentioned earlier that we have proven that we can compete in the global marketplace – but are you confident that we can continue to compete in the global marketplace given the amount of government subsidies, which are – come forward in other countries?

**Jamie Aiken:** Our departments had the opportunity to talk with a lot of the tenants within Slemon Park about this matter that has been growing over time. I think it's fair to say a lot of them are watching it very

carefully. They are always concerned about costs and inputs. The exchange rate can also have a devastating effect on different contracts and arrangements.

One thing that I think all the companies would say their biggest advantage is the workforce here on PEI. I think the companies here all alluded to that they've been very competitive in competing with other jurisdictions because of our strong workforce; very reliable, and they do exceptionally good work.

I think that is what has set us apart from some other jurisdictions that we've been very successful at. They have found a very niche market and an ability to compete in the worldwide industry. I think that's a testament, to both Vector and Honeywell, which I have heard directly from, is what really sets them apart, is their workforce.

**Dr. Bevan-Baker:** The third leg of the future direction of the business part remains uncertain at the moment, should we put it that way –

**Unidentified Voice:** (Indistinct)

**Dr. Bevan-Baker:** – ambiguous. You've talked a couple of times, Shawn, about the possibility of green energy projects. You've sort of focused more on geothermal more than anything else, but in the world of green energy these days solar is the thing which is really making leaps and bounds. It's decreased in price 75-80% in a very short timeframe, and is now out-competing some of the more traditional forms of energy.

It also is a perfect compliment for wind, which we already have here on the Island to a large extent, particularly in the Summerside region.

Have you looked at the possibility of all of this open acreage; there are no trees on your property, you have, in many respects, a perfect set-up for a large-scale solar array there, which could be provincially-owned on provincial land. The payback on solar investments these days is so short. Very quickly we would be providing, and depending on the size of the solar array, of course, a very significant amount of cheap, cheap energy to this province, a province that exports \$500 million every year in fossil

fuels; money that gets sucked out of our economy.

Are you aggressively, or are you at all, pursuing the thought of a large-scale solar array on any of your property?

**Shawn McCarvill:** Yes, we are considering that. We are in discussions with the PEI Energy Corporation about a solar-related project. We don't have any definition to that currently, but that is one of the significant innovative energy projects that we are considering and are optimistic that it will happen. Since this is a contiguous property, a broad ranging property, involving commercial and residential applications and significant commercial users, Slemon Park is an ideal test bed for a number of different technologies and we've identified that as one of our strengths as well. Our ability, our 253 residential homes as a test bed for different types of technologies. Solar is the anchor part of that concept that we are actually working on is solar energy.

**Chair:** Peter, I'll just break there and –

**Dr. Bevan-Baker:** Sure.

**Chair:** – go to Chris and Sidney –

**Dr. Bevan-Baker:** I'm done, actually, Chair, but I just –

**Chair:** Oh, if you want, no go ahead then.

**Dr. Bevan-Baker:** – wanted to make a comment –

**Chair:** Sure.

**Dr. Bevan-Baker:** – and say how happy I am that that vision is being pursued and I wish you every luck with that and I hope the province understands the long-term benefits of investing in green energies now.

**Shawn McCarvill:** Right.

**Dr. Bevan-Baker:** Thank you, Shawn.

**Chair:** Thank you, Peter.

We'll go to Sidney MacEwen, and then Chris Palmer.

**Mr. MacEwen:** Thank you, Chair.

I guess I can include Peter's point into this, too. Talk about a potential solar farm. I'm sure the federal government might be involved. Slemon Park Corporation has accessed federal dollars a few times over the past couple of years as your chart indicated.

I'm wondering if the new status as a provincial Crown corp., does that have any effect on accessing federal infrastructure money for potential facility upgrades.

**Shawn McCarvill:** Yes. Previously, back in 2012, when we did the sanitary sewer upgrade, because of our ownership we were only able to qualify for, I think, like 35% infrastructure supports between the federal and provincial government. The last three projects that we did this year since becoming a Crown corporation, we've been able to qualify for the full range of supports.

The sanitary sewer projects that we did this year, our portion of it was only the 25% portion, we paid the equivalent to the municipal portion of that with the province providing 25% and the federal government providing 50%.

Yes, our new structure has been extremely beneficial for us in being able to access those federal dollars.

**Mr. MacEwen:** Sorry, can you say that again? Your last project was – the breakdown between the three partners again.

**Shawn McCarvill:** I believe that the funding arrangement for the infrastructure projects are the municipality, in our case, us, pays 25%, the province pays 25% and the federal government pays 50%, I believe is the standard funding format for those (Indistinct)

**Mr. MacEwen:** And versus what you were doing before?

**Shawn McCarvill:** Yes, previously, a lot of the infrastructure programs were a third, a third a third. But because of our percentage of provincial ownership, somebody somewhere made some allocation and so we ended up paying, Slemon Park Corporation, because of our partial private ownership, we ended up paying about 65% of the overall project. We had to pay 65% of that \$2.2 million project back in 2012. Since we've

become the provincial organization we've been only paying 25%.

**Mr. MacEwen:** But it's still provincial dollars.

**Shawn McCarvill:** And the province pays the other 25%. It's a 50/50 federal provincial. Previous to that –

**Mr. MacEwen:** You're saying it basically went from 33% federal to 50% federal?

**Shawn McCarvill:** In that case, the province would have paid some of the government portion that I used to think of back in those days, so Slemon Park Corporation paid 65% and the province paid another 15%. It would have been an 80/20 province, including Slemon Park and 20% federal. There probably only would have been 20% federal dollars involved at that point in time, and now there are 50% federal dollars involved.

**Mr. MacEwen:** Thank you.

**Chair:** Chris Palmer.

**Mr. Palmer:** Thank you, Chair.

I just wanted to say, again, how important Slemon Park is to the community of Summerside. I lived in Summerside most of my life. I remember when there was base closure and what it looked like when the base emptied and when Slemon Park came in and the kind of revitalization that is there today. Further to one of Kathleen's points, of where the community is engaged in there, I'm in Slemon Park every day.

My kids are in gymnastics and CrossFit so we're always out there. I think those are tremendous pieces for Summerside and we see the employment there and we see that that's keeping a lot of folks back at home.

A couple of questions that I had around the tremendous asset that Slemon Park is, is about the available space that's there. I know there are quite a number of buildings, as we see in the picture. There are quite a number of buildings there, so what kind of – are we using that as a strategic asset, or available space, and are we shopping that around to different companies to try to get them to move there because we do have

some very unique buildings on PEI right there in Summerside.

Is that one of the tools we use to kind of look at the assets we have and identify that and shop it around to companies that could actually use those types of buildings?

**Shawn McCarvill:** Our commercial properties are actually pretty much fully occupied. I kind of categorize our commercial properties under class A, B, C and D. It's our own classification.

Class A and B being the heated spaces, and our heated spaces are 88% occupied. Overall, our spaces are 82% occupied. Our really good quality space is really, almost, completely being used at this point in time.

There are some hangar spaces in hangar 8 and in hangar 5 that we park boats and RVs in at this time of the year, and we have been doing that for the last 25 years. That would be excluded from that. That would be part of the 12% of the empty space.

We don't have any really space that is empty that isn't generating some source of revenue for us. We are at pretty close to capacity. We have extra capacity in our hangar 8 building. There is 35,000 square feet there, and there is some capacity in our hangar 5 building and there is some capacity in the building that was the Holland College trades building.

Those are the three main buildings. There is probably about 70,000 square feet of good, quality commercial space that can be used for future development, but the property is at a pretty mature level. It's at a pretty mature level of development.

**Mr. Palmer:** Shawn, the only other question I have about the assets out there is: What about the second runway? What's going on with that? Is that being used, and what condition is it in?

**Shawn McCarvill:** The second runway – there were three runways at CFB Summerside. One of the runways had been abandoned before we took over the property in 1992.

If you look at the picture up there, the second runway is the runway parallel to the

bottom of the picture. It's kind of in between 'the sky is the limit' and 'investing in our future.' That's runway 1230, I believe it is.

The right hand side of that runway, half of that runway is used by the Atlantic Police Academy as a driving surface. That's where they do their driver training. That facility has been used for that purpose for all of that time.

That runway, the surface is in pretty good shape. It was resurfaced about the same time as our main runway, so the surface is in pretty good shape. We only really need the one runway.

We have excellent open skies at Slemon Park, as well. There is always a good breeze blowing at Slemon Park, that's why those windmills are there.

We're not sure, at some point in time that may be used as a runway facility, but it's used well now as a driving surface for the Atlantic Police Academy training.

**Mr. Palmer:** Thank you. Thanks, Chair.

**Chair:** Jamie Fox.

**Mr. Fox:** Thanks, Chair.

Where you've got so much land available up there for expansion, have we had any discussions around expanding, possibly, low-income housing up there, or affordable housing to people that would like to have that option?

**Shawn McCarvill:** We've had some preliminary discussions with Canada Housing and Mortgage Corporation and we are certainly open to that consideration. We have not had any significant discussions about that to date, but that's something we can certainly consider, Jamie.

**Mr. Fox:** Thank you.

**Chair:** You have another question?

**Mr. Fox:** I do have some questions on a complete other topic. And we got the right man sitting here at the right time for the questions.

Thank you, Chair.

Mr. Aiken, I'm interested in the secret deal that the province made when they purchased Strait Crossing fabrication yard, and I'm going to bring it forward.

You paid \$350,000 for it. It's been sitting now vacant for over twenty-some years. In the original contracts, which I have, it was very clear cut discussions in there and signed the documents where they were supposed to be turned back to the original fielded property. But the government it – you bought it for \$350,000, you didn't make them clean up the yard, it was in the contracts, and then you went and allowed there to be a tariff for a no-use clause on the Strait Crossing jetty to anybody for anything coming in unless they negotiate a deal with Strait Crossing Incorporated or the Confederation Bridge.

I'm very interested in what we are doing sitting on an asset that we haven't done nothing with, we have no interest in it and we haven't cleaned it up yet. So there's a big environmental footprint there on that.

**Mr. Fox:** Can you explain that?

**Chair:** Mr. Fox, before we go, we adopted the agenda and that wasn't on the agenda, so I'll have to ask the committee do they wish to pursue this line of questioning.

**Mr. MacEwen:** Sure.

**Chair:** (indistinct)

Peter?

**Dr. Bevan-Baker:** I'm okay with Jamie –

**Chair:** Okay, you have the permission of the committee.

**Mr. Fox:** Thank you.

**Chair:** You gentlemen were invited here to give your submission on this, so you have a choice of whether you want to answer this question. Or come back when you're –

**Jamie Aiken:** Would it be acceptable to come back at a later time so I can familiarize myself with (indistinct) –

**Mr. Fox:** It would be very acceptable, and I do apologize. I do apologize, Chair.

**Jamie Aiken:** (indistinct) because I'm not prepared to speak (indistinct) –

**Chair:** I just don't want to put our guests on the –

**Mr. Fox:** Yeah.

**Chair:** – spot like that. Okay, appreciate that.

**Mr. Fox:** Yeah. I say, I will apologize for putting you on the spot like that Shawn, but it's something that's been going on in the area for the last number of years, it's something I'm getting a lot of pressure on, so –

**Chair:** So it's my understanding that the committee wants to pursue it at another meeting.

**Mr. Fox:** Yes.

**Chair:** Okay. I take that in total agreement.

Thank you, gentlemen.

Anything else?

**Chair:** Chris Palmer.

**Mr. Palmer:** I just wanted to comment on that as well, that Jamie Fox brought up. I think that is a tremendous asset for us here in PEI and it'd be wonderful for this committee to know more about that and kind of see how we can use that to grow the economy, create jobs, increase exports. So it's a wonderful piece and I look forward to the group coming back and presenting. I think it'd be great.

**Chair:** All right, just a summary here. I just wanted to ask the question in regards to – we talked a lot about your occupancy, but as a good businessperson, the other thing is your rates. Are you getting industry standard rates or are some rates dragging below other rates or how are you doing on that front?

**Shawn McCarvill:** Well, we try to move our rates. Most of our rates have a cost of living adjustment provision with them, but we did establish the rates based upon having acquired the property for (indistinct) dollars. There's a general challenge for us in terms of being able to build new buildings.

We're limited in our building to build new buildings and to be able to finance them based upon market commercial rates, so that is a challenge for us. It's a limiting thing for us in terms of being able to build a new building and charge market rates and have that building paid for. So in terms of our future developmental potential, it's hard for us to do that. Based upon existing structures, it's good, but it would be difficult for us to build new commercial space and lease it for the existing market rates.

**Chair:** Well, I have the pleasant task now to thank you gentlemen for being with us today on behalf of the committee and I want to compliment you both on how knowledgeable you are and how professional your presentation was here today and I thank you on behalf of the committee.

So with that, you may take your leave.

**Shawn McCarvill:** Thank you very much.

**Chair:** Thank you.

We'll just give them a couple of minutes to pack up and then we'll finish our meeting.

All right, new business?

Go ahead, Mr. Fox.

**Mr. Fox:** I do have one thing I'm interested in. I'd like to hear from Maritime Electric in regard to what their plans are for the future in moving toward more environmentally friendly fuels to service the turbines or the generation plants.

**Chair:** Okay.

**Mr. Fox:** I got a concern with that because here we got, the province is moving towards green energy of course, and that's a good thing and we have the windmill farms and so on, but there seems to be no movement by Maritime Electric in taking the generating stations in Borden and Charlottetown and upgrading them to a more efficient means of fuel to lower greenhouse gases.

We're talking about a carbon tax coming in supposedly the first of January. We've had no information on that whatsoever, and of course that's geared to the rate payer or the

consumer. I will applaud Cavendish Farms for what they've done in moving their plants over to LNG and I'm wondering why – what's Maritime Electric doing? I'd like to have them in or to find out.

**Chair:** All right. Is the committee consensus that we have Maritime Electric in?

We'll leave that up to myself and the clerk to arrange that.

**Mr. Fox:** Thank you.

**Chair:** The clerk is preparing an interim report at the present time for the Legislature. Would it be all right, if, after she prepares it that we circulate it just so there's no hold-up in that regard?

Okay, that's great.

**Mr. MacEwen:** Chair, (indistinct)

**Chair:** I'll have the clerk check.

**Clerk Assistant:** Sure, I can speak to that.

At the last meeting it was a work plan meeting. There were a number of items. There are a couple of outstanding requests. There was a request to the Minister of Economic Development and Tourism to do a briefing on high-speed Internet in the province, and there were two requests in to the Minister of Transportation, Infrastructure and Energy. One was a briefing and an update on the PEI energy strategy and then the other was an update on relating to wood chips for publicly-owned boilers in the province.

So those are the two outstanding items. At this point it's just a matter of scheduling to get them in before the committee.

**Mr. Fox:** What was the last one that you said?

**Clerk Assistant:** There was a request that went to the Minister of Transportation, Infrastructure and Energy talking about where – if the wood chips were provided locally for the publicly-owned boilers in the province.

**Mr. Fox:** Oh, okay.

**Chair:** Okay.

**Clerk Assistant:** So they are still on the radar on things to be scheduled at some point.

**Chair:** Okay. Any other new business?

Well, listen, thank you very much. Appreciate your cooperation here today. It was a great meeting, so thank you.

**Clerk Assistant:** Motion to adjourn?

**Chair:** Motion to adjourn.

**Ms. Casey:** So moved.

**Chair:** Adjourned.

The Committee adjourned