

INWOOD SCHOOL CONVERSION

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EXECUTIVE SUMMARY

BUSINESS DESCRIPTION

The Inwood Business Centre is a conversion of the former Inwood School into a commercial/retail complex. It is a free-standing titled facility, constructed of brick/cinder block and aluminum framing. It contains five classrooms, approximately 10 additional rooms suitable for leasing, a gymnasium, two sets of washrooms and ample common areas. It is located on Highway 17 in Inwood, Manitoba.

The Centre is funded through investment by 10 local persons. While the Inwood Business Centre will operate as a not-for-profit operation, the investments of each partner will be repaid, with interest.

The Centre will lease space to both retail and commercial operations, concentrating on several key business types that are more likely to be successful within the area.

RISKS & OPPORTUNITIES

The development of the Centre faces several significant risks, with the most predominant risk being the possibility of low occupancy rates due to its location. However, the IDAC has implemented several strategies to place the facility effectively & strategically in the Interlake, including provision of business support services, innovative flexible occupancy and lease rate terms and branding of the Centre.

MANAGEMENT & PERSONNEL

The board of directors of the IDAC will operate as a “hands on” board, overseeing most aspects of the facility. Budget allotments have been made for a part-time manager, as well as contract support staff.

OPERATIONS

The building is in good condition, with little structural repair required. Cosmetic renovations will be undertaken prior to opening of the facility. Common area costs will include an allowance for upgrades and repair as well as general maintenance.

MARKETING & PROMOTIONS

Recruitment of tenants will be the initial focus of the promotional effort, with direct contact being the primary method of recruitment. A significant number of tenants already have committed to assuming a tenancy position in the building. Both to promote the Centre to the public, and recruit and support specific groups of tenants, the Centre will conduct four small trade shows (40-45 exhibitors) through 2008. Periodic mailers distributed to 10-14,000 homes (21-30,000 residents) will be published as cooperative advertising each year, in addition to the mailers promoting the trade shows.

FINANCIAL

The following tables summarize income & expense, cash flow and capital cost & startup for the facility for a two year period commencing July 1, 2008. The data provided is calculated on a conservative scenario.

The investors will be repaid for their investment at market interest rates.

The facility will operate on a positive income basis in Year 2.

Year 1 (August/08 – July/09 Operations)	Year 2 (August/09 – July/10 Full Operations)
Income from Operations \$72,566	Income from Operations \$100,536
Operating Expense \$73,296	Operating Expense \$96,039
Net Income - \$730	Net Income \$4,497

CASH FLOW

The following table indicates cash flow for Year 1 of the facility.

	3 Months	6 Months	1 Year
<i>Cash on Hand, Start</i>	\$8,750	\$8,750	\$8,750
<i>Cash In</i>	\$18,486	\$41,047	\$91,243
<i>Cash Out</i>	\$19,503	\$38,888	\$92,789
<i>Cash on Hand, End</i>	\$7,732	\$10,909	\$7,204

CAPITAL COST & STARTUP EXPENSE

Costs		Sources of Funding	
Construction & Capital	\$80,000	Conventional Funding	\$86,000
Startup Expense	\$16,000	Line of Credit	\$10,000
Total	\$96,000	Total	\$96,000

BUSINESS DESCRIPTION

SITE DESCRIPTION

The Inwood Business Centre (“Centre”) is the former Inwood School, and contains five classrooms, gymnasium space, staff room/kitchen, three offices, former kindergarten room, principal’s office, two additional small rooms, two sets of public washrooms, and approximately 20% by volume common areas. The building is relatively well built, and is amenable to renovation and remodeling with minimal structural modification. The property has been subdivided from the new Inwood School property, and has front parking and two driveway accesses from Highway 229.

The Centre has two levels in the older wing, with two large classrooms downstairs, and two large classrooms and a smaller science classroom upstairs. The newer addition has several prime spaces for lease. The exterior is constructed of cinderblock, brick, aluminum & wood.

The building is constructed for handicapped access, with an appropriate external wheelchair ramp and a motor-driven, stairway-attached wheelchair lift. Because of the accessibility limitations (speed of lift, etc.) seniors-related businesses will be located on the main level, where possible.

The community of Inwood is resident to less than 200 persons, and is relatively isolated from other major towns in the Interlake. It is located on the junction of Highway 229 and Highway 17, providing reasonable access to Highway 7 and the communities between Teulon and Fisher River.

RELATED CONVERSION PROJECTS

Across North America, Centre authorities are “unloading” old Centres to developers, who are converting them into condos, retail outlets, and offices. St. Louis, Mo., for example, recently announced that they were auctioning off several of their unused buildings.

However, because of the demand for the units, the authority will only auction them in “packages” of two or more. The success of other conversions has stimulated too large a

demand for the buildings. In Alberta, the City of Edmonton plans to convert surplus Centres into townhomes & condominiums. In Manitoba, the Poplarfield Centre was converted, in 1995, to a facility housing a swimming pool and six overnight rental units, with a restaurant and outfitting business operating from the premises. This pattern of sale and conversion provides a strong indicator that plans to retrofit and remodel the Inwood Centre may be viable if a business model appropriate for the community is presented.

RATIONALE

There is a well-documented depopulation occurring in rural communities, with out-migration to larger local centres, and to the cities of Selkirk and Winnipeg (from the Interlake). Communities that have successfully resisted that depopulation, such as Arborg & Stonewall, have done so by developing facilities and services that stimulate retention and visitation by purchasers of goods and services. Inwood is experiencing a depopulation regarding business services, largely due to the inadequacy of appropriate sites in which to locate and the relatively high cost of construction of new premises. Currently there are no habitable commercial premises located within twenty-five kilometers of Inwood. The conversion of the Inwood Centre, to address those facility shortfalls, can be done in an economic manner that will allow for successful retention and recruitment of business in the area. Several innovative strategies for business development & support will be established.

BUSINESS DESCRIPTION

The Inwood Development Association Corporation (IDAC) has acquired the Inwood School from the Lakeshore School Division, with possession in May, 2008, and first tenant occupancy by July, 2008. It will be owned and operated by the community-based non-profit corporation, which will lease facilities to retail & commercial tenants recruited for the facility. Current zoning permits a variety of commercial and residential use for the site. However, it is the intent of the IDAC to only permit operation of those undertakings that are not in conflict with the operation of the adjacent school facility. The Centre will recruit private partners to operate components of the facility in such a manner that they may capitalize on access to the Community Enterprise Development Tax Credit program, and other incentive, grant and loan programs, to stimulate local

investment. The Centre also will establish a working relationship with the Interlake Development Corporation, Inwood Quarry Interpretive Centre, the East Interlake Community Futures Corporation and local community development agencies to stimulate business development opportunities.

PROJECT DESCRIPTION & PHILOSOPHY

The Inwood Centre is being developed as a commercial/industrial/retail centre, purchased by eight local investors who have incorporated as a not-for-profit corporation known as the Inwood Development Association Corporation.

As a non-profit corporation, there are no shareholders. In the alternative, the IDAC is governed by a board comprised of the eight investors who have each loaned ten thousand dollars to the facility, to be repaid as possible.

The Centre will operate substantially as a business incubator, providing affordable lease rates and business support services for the businesses within the facility. The stated intent of the IDAC is to encourage development of small business in the community. To achieve this goal, the IDAC will explore and evaluate a variety of options to facilitate business growth, including start-up guidance, flexible lease and rental terms, low lease rates, and internal creation of needed businesses.

Rents will be established so as to provide equitable and highly competitive rates that allow for business growth, while ensuring the viability of the Centre. Initial projections show the “breakeven” point for operation, based on average \$8.50 per square foot rental rates, to be a 40.5% occupancy. This is much lower than occupancy rates throughout all of the Interlake, and is a strong indicator of the viability of the project.

OWNERSHIP

While the facility will be owned by a non-profit corporation, individual businesses will operate on a for-profit, charitable or non-profit basis, as individually constructed, within the facility.

Following is the list of investors who have provided initial capital, and who continue to govern the startup and ongoing operation of the facility.

1. Albert Strick
2. Ed Waluk
3. Gordon/Valerie Watt
4. Beverley/Sheila Sherred
5. Edmund(Ted) A'Bear
6. William Hamaberg,
7. Sonny Rohne
8. Allen Pfrimmer

In addition to the initial \$10,000 investment, these investors also continue to provide capital as required for the premises. In the financial section, repayment schedule and interest rates on investment are discussed.

TENANT RECRUITMENT

The Centre faces very significant hurdles in its efforts to attract tenants to the facility. First, the location of the complex is an impediment both to local business and regional business recruitment. Inwood is located on a secondary-use highway, with primary traffic flowing from Poplarfield, Fisher Branch, Peguis and Fisher River. The recent upgrade of Highway 68 has stimulated a greater traffic flow east and west toward Arborg and Highway 7, decreasing the variety of flow through Inwood on Highway 17. (see Appendix __). Highway 229 is in relatively poor condition, with navigation concerns in early spring and during the winter months. Thus, highway infrastructure is detrimental to attracting significant retail operations to the town. Unlike Arborg or Teulon, Inwood is not well situated for development as a general retail centre.

The second issue acting as an impediment to business recruitment is the availability of contemporary infrastructure, such as high-speed Internet and cellular telephone coverage. Currently, Internet access is via wireless signal or dial-up service, while cellular coverage tends to be spotty surrounding the town.

A tertiary concern is the design & layout of the Centre. Original use required a design that did not offer openness to the roadway. Converting the premises to commercial or

retail space will necessarily require more frontage exposure and more curb appeal. Additionally, the façade will require modernization, and general accessibility will need to be enhanced. A Hometown grant of \$1,000 has been applied for and approved, providing for a cosmetic facelift and initial signage

To compensate for the shortfalls itemized herein, the Centre will need to develop and promote itself in a unique manner, identify & theme the operation consistently, and position itself apart from centres such as Arborg, Teulon, or Gimli. It is recommended that such “branding” be undertaken as an integral part of the community identity.

(environment, first nations, ecology, construction, pain clinic, etc.)

Concurrent with problems and concerns facing the Centre are several advantages and opportunities. Being located on a direct route to three First Nations communities, and on a lesser link to the community of St. Laurent, Inwood may have potential to be developed as a hub for native services and needs.

As one of the three cross-Interlake routes, Inwood links the west lakeshore of Lake Winnipeg to Highway #6, allowing for some flow of trucks and other service vehicles. The proposed Inwood Quarry development places the community in the spotlight as an eco-centre. This image is consistent with emerging eco-tourism growth trends in Canada, and fits, as well, with the emerging opportunities on First Nations communities. As an isolated, yet accessible location, Inwood may be well placed to focus on environmental opportunities.

The Inwood site is located along the prime snowmobile and hiking trail in the Interlake, lending itself to development as an outdoor supply location. At the same time, hunting currently remains popular in the province, and outfitters are common. The Inwood location may be attractive to those outfitters and guides.

Currently, the businesses that have indicated an interest in locating in the Centre cannot be grouped into a cohesive theme. The problem, therefore, that faces the ownership of the Centre is whether branding of the facility is an attractive and logical option. By developing tenancy around a theme, or group of specific business types, the owners may be deterring other viable businesses from seeking lease space in the facility.

Since the primary intent of the facility project is to stimulate business growth in the community, the most effective scheme for development is to focus on those undertakings

that offer the greatest opportunity for expansion or creation of spin-off businesses. This is accomplished by either opening the Centre facility to all businesses, or to seek out businesses consistent with the Inwood brand.

An alternative option for development of a viable commercial property is to identify gaps in business offerings that appear to offer potential within a marketplace, and to assess whether those types of businesses would find the proposed location amenable to their business expansion or establishment.

Based on this scenario, a number of different businesses may find the Inwood location to be suitable. These include: insurance office, bookkeeper, medical supply, farm and mechanical supplier (surplus and new), computer services, emergency services, specialty trades (cabinetry, interior repair, plumbing, general carpentry, small engine repair, machining, recreation services).

RECOMMENDED APPROACHES TO DEVELOPMENT

The Centre project will address tenancy needs through two routes: branding of the facility, and partitioning of the facility to attract local businesses in need of space. These two approaches will be enhanced by provision of services similar to the operational strategies of successful business incubators.

Branding.

The most attractive option for branding of the Centre is to develop the facility with an environmental focus, and a seniors/health services centre. The unique style of business support services offered are not part of the branding, but rather an amenity that will entice businesses into the facility.

Research into development of an incubator in Arborg in 2004 found that the environmental business theme was the third highest ranked opportunity, behind agri-foods and farm/construction equipment. Both of those two opportunities would have provided a lesser growth potential than branding as an eco-business incubator. However, the eco-theme would have taken significantly longer to develop than agri-foods or equipment themes.

The environmental theme is particularly attractive for Inwood, given its isolated (and pristine) location, the development of the Inwood Quarry Interpretive Centre, and the

ability of many eco-businesses to develop in non-location driven communities. As much of the environmental movement is linked by the Internet, and significant volumes of businesses operate primarily through Internet marketing, the remoteness of Inwood is a non-factor.

The community of Pinawa has placed itself as a “virtual office” community, and has successfully recruited several businesses to the town. In like manner, Inwood is capable of attracting a variety of related businesses.

The primary disadvantage of branding is the length of time required to develop the theme, and achieve business “buy-in.” This is highlighted by the University of Manitoba’s “Smart Park,” that was seven years in planning prior to successful launch. The IDAC will take an evolutionary approach to developing the Centre as an environmental business incubator. While it will actively recruit a variety of tenants initially, as the Centre achieves full operational and independent economic status, it will focus on recruitment of eco- and enviro-business opportunities. Business support tools specific to environmental issues will be developed and offered by the IDEAS Business Solutions tenant (formerly Arborg Rural Innovation Centre), at no cost to the Centre. As available, necessary infrastructure for these businesses will be acquired.

Partition & Recruitment.

The gymnasium addition to the Centre is approximately 38 feet by 60 feet, with a hallway linking the old Centre to the new unit. Washrooms are located at a point where the two segments join. This arrangement allows for effective partitioning of the facility, separating the gymnasium area from the proposed commercial space to the west of the 6200 square foot expansion.

The east section will be used initially as a centre that is accessible for seniors, and those with mobility limitations, as well as feature (anchor) tenant, Sunovo. Businesses that are included in the initial use of the east wing include health & lifestyle providers, thrift shop, personal services businesses, etc.

The gym area consists of the gym itself and several rooms. Initial discussions with an RTM builder focused on using the gymnasium for construction of the ready-to-move

units. However, analysis showed that such an operation inside the building would be detrimental to attracting other viable tenants.

- a) The ready-to-move home builder has agreed to rental terms that will allow him to construct and store RTMs at the rear of the Centre, with some frontage exposure. He will pay \$300 per constructed unit. He further anticipates that he will require office space in the near future (particularly where storage of tools and office materials is involved).
- b) The space adjacent to the gymnasium will be retained as a potential daycare. Research into the viability of this undertaking will be conducted in 2008, with the possible creation of an outdoor fenced recreation area at the front of the building.
- c) The gymnasium may be developed as a recreation/leisure centre, with spaces partitioned to attract a number of leisure business concepts currently being explored by two businesses in Arborg; namely, a bowling alley, an indoor driving range and batters cage, and an indoor archery range, as well as a fitness centre. This partitioning will be temporary and flexible, and will allow the facility to be rented from Friday evening at 6:00 pm to Saturday night at 3:00 am for cultural and group activities.

The west wing will be promoted as a commercial space with two units as storefront/retail operations. The retail units will be located on the main (lower) floor. The upper three classroom units will be developed as commercial space. One will have an environmental focus, one will be developed as a technology, office support and computer services centre, and one will be available for training and business-related operations.

- a) The focus of one of the retail spaces will be on outdoors, leisure and recreation services. The second will focus on farm and home support products.
- b) The former principal's office will be used by Sunovo.
- c) The staff room will be used by the IDAC and the IQIC.
- d) There are sufficient open (common) areas to develop several souvenir and gift shop kiosks, a thrift shop/surplus goods area, as well smaller health-related businesses

- e) The kitchen area will be converted to a Laundromat, owned by Gord & Val Watt.
- f) The north/south main hallway will be used so as to allow for kiosk-style retailers, and used for displays when trade shows are held.
- g) The classrooms will hold commercial businesses, and active businesses such as outdoors suppliers, etc.

Accordion walls will allow the Centre to lease smaller spaces on a one- or two-day per week basis, by enabling the structures to be compressed against outer walls when units are not in use. Given the small-market nature of the community, many service businesses are unwilling to consider locating to Inwood on a five-day per week basis, but are willing to establish a presence for a shorter period each week. These businesses include lawyers, insurance providers, beauty shops, hairdressers, health supply businesses and massage therapists.

A significant cost of many service and retail business operations is payroll. The Centre will position itself advantageously over other Interlake communities by providing staff solutions based only on the number of days that the retailer/provider is open in Inwood, and by using staff to serve several “express” retail operations simultaneously.

This concept has been successfully employed in southern Florida, where malls that have a common pool of employees to look after an array of diverse businesses housed in the mall. Tenants are charged either a higher base rental rate, or a percent-of-gross sales (up to 15%) to cover the expense of shared staffing.

One such operation that will use a hybrid of this staffing option is the computer services business, with CDC computers stocking a repair/retail segment of the business, Island Inkjet stocking a segment, and a private local operator stocking the office supply/Internet café component.

This employee option also will be attractive to the outfitter/outdoor clothing operation, fabrics store, surplus/farm specialty supply centre, the gift shop kiosks and the other potential tenants currently considering lease space. The Centre will upcharge (over base payroll rates) payroll fees by 10% to cover administrative & training costs.

OPTIONS FOR DEVELOPMENT.

The Centre will rely on numerous partnerships to develop the site, and operate it cost-efficiently. Retrofit plans include accessing Manitoba Hydro rebates for energy efficiency changes, federal REDI & provincial grants for energy innovations, accessing the Community Enterprise Development tax credit for investment, partnering with other private groups for specific elements of development, and developing symbiotic relationships with IDEAS Business Solutions to recruit new businesses in a design akin to conventional business incubator operations.

An exit strategy for investors that converts the premises to a commercial condominium complex is being explored. This strategy is used successfully in Sebring and Weston, Florida, as well as in Mobile, Alabama. Interested parties are able to purchase their unit in the condominium and participate in its operating decisions in the same manner as a residential condo, including the right to sublease the premises. The Manitoba Condominium Act does not specifically address or preclude development of commercial condos.

The Centre also will develop business partnerships with incoming tenants to facilitate tenant recruitment and business growth, and will, where warranted, establish needed businesses for the Centre, as described in subsequent sections of this plan.

COMMITMENTS AND LIKELIHOOD OF PARTICIPATION.

The following table indicates the likelihood of commitment to tenancy by each business, and the monthly lease rates that will result from each business.

Business	Committed	Very Likely	Probable	Possible
IDEAS Business Solutions	759.00			
IQIC/IDAC	X			
Computer Services	W/ IDEAS			
Laundromat	\$157.50			
Thrift Store	\$210.00			
South Interlake Credit Union	\$300			
RTM	\$300			
Financial Services		\$121		

Environmental Products		X		
Daycare				X
Mobility Devices		\$121		
Lawyer		\$121		
Hair Stylist			60.50	
Massage Therapist			60.50	
Alternative Medicines			60.50	
Pain Centre (acupuncture, eastern medicines, herbals, etc)			60.50	
Archery & baseball range			\$330	
Bowling/Putting				\$330
Fitness Centre				\$330
Fabrics/Clothing Store		\$121		
Outdoors equipment			X	
Souvenir/gift kiosks		\$472.50		
Gymnasium, weekends	\$2,000			
Classroom (Science lab)	\$266.38			

RENTAL/LEASE RATES

The following table indicates lease and rental rates per year, based on size of unit leased. A common area charge, based on length of rent per week and size of unit will be levied, to cover the cost of general cleaning, snow removal, yard maintenance, etc.

Unit Size	Fee per Square Foot Per Year	
	Rent 1-3 days per week	Lease Full time
<i>Under 201 sq. ft.</i>	\$33.00	\$21.00
<i>201-500 sq. ft.</i>	\$28.00	\$18.00
<i>501-1500 sq. ft.</i>	\$22.00	\$13.00

<i>1501-3000 sq. ft.</i>	N/A	\$8.25
<i>3001+ sq. ft.</i>	N/A	\$6.50

AVAILABLE LEASE SPACES

The primary requirement upon acquisition of the Centre by the Inwood Development Association Corporation is the need to subdivide the various classroom and gymnasium spaces into units more appropriately sized for target clients.

For several of the units, where the clients are requiring long-term, fulltime space, those walls can be relatively fixed, steel stud and drywall construction. For other rooms, floating accordion-style walls are required. Where medical facilities, or privacy concerns are involved, those wall units must be insulated with sound-deadening material, along with ceiling lines in some cases. Effective accordion walls may be constructed similarly to fixed walls, but with caster wheels to allow for movement.

The proposed usage distribution of the building is amenable to having only three rooms with flexible walls: the gymnasium, and two of the southern offices in the new wing.

The shared retail spaces in the lower two classrooms may not require partitioning walls.

The office support centre will be required to provide its own partitioning.

The west wing classrooms are amenable to sharing by multiple tenants, but do not lend themselves well to partitioning, as they are lose to square, and access to some of the units would be difficult.

A consideration in development of fixed versus moveable walls is that construction of fixed walls would require building permits for both electrical and construction. Floating walls are exempt from permit requirements. The floating walls would be desirable for use with the trade show events, as well.

Front upper office

Size: 23*22 (506 sq. ft), Lease Rate \$759.00 per month

This unit will house six primary businesses, of which four are full-time operations. All businesses will be rented as one unit, by IDEAS Business Solutions, who will also staff these businesses. IDEAS has committed to tenancy for ½ of the unit on August 1, 2008, and the entire space on September 1.

Office support.

This business is owned by the former Arborg Rural Innovation Centre, now named IDEAS Business Solutions. It is a full-time, long-term tenant. Its primary service is the provision of office support, business consulting, bookkeeping and tax service. IDEAS, currently located in Winnipeg, operates a “virtual office” and office support program. This company has agreed to locate an office in the Centre, utilizing one classroom component on the second level, of 150 square feet. It will also provide Microsoft certified training. The location of IDEAS at the Centre facilitates recruitment and retention of local business needing business support services, in a manner similar to conventional business incubators.

Computer store & office supply.

Size: 20 * 11. Lease rate: \$330/mo. This business will offer computer a gaming area using Wii, Nintendo, Xbox equipment on an hourly basis. The computer room area (incorporated in the store area) will provide computer services and high-speed Internet access for an hourly fee. The computer store will offer a repair depot, limited computer sales, peripheral sales, inkjet cartridge refilling, and office supplies. The computer store will be jointly owned by CDC computers and IDEAS Business Solutions.

Gaming Centre (in computer store).

This centre provides gaming access for local youth. Its hours of access will be established after consultation with the local Centre authorities and public input.

Internet café (in computer store).

The Internet access will be provided on an hourly fee basis, with training available at no charge.

Front upper science room

Size: 23*13. Lease Rate: \$448.50 (rented on its own) The upper front science room is a smaller unit that is suited for subdivision & sublease to businesses requiring little space, financial planner, accountant, lawyer, etc. The prospective tenants for these units will not require 5-day per week tenancy. Accordingly, moveable walls (either accordion-style or fixed structure on casters) will be provided to allow the infrequent

tenant to secure short term, flexible space. However, IDEAS has indicated it wishes to secure an option to rent this unit as part of its lease of the adjacent office, and will commit to leasing it as of January 1, 2009. That would reduce the lease rate of \$18 per foot to \$13, for a total lease rate of \$323.92. IDEAS intends to use the room for classroom training, sublease to trade show exhibitors, and for short-term tenants such as tax preparers, etc.

Financial services.

Size:11*10. Lease terms: 2 days per week, \$121.00/mo. This office space will be used 2 days per week, by two separate insurance companies. One has its primary office in Arborg, while the second has its office in Teulon.

Lawyer services.

Size:11*10. Lease terms: 2 days/wk., \$121.00/mo. This office space will be used 2 days per week, by two separate lawyers. One is from the firm Pitblado & Associates, while the other remains unnamed. The lawyers and insurers may operate on separate days, allowing for sharing of the same office and freeing up one 11*10 unit for long-term lease. The walls for the insurers and lawyers may be fixed in place.

Rear Upper Office

Size: 22*23. Lease Rate: \$548.17

The upper floor will be primarily used for commercial, rather than retail space, so as to minimize the need for wheelchair access. This strategy will require that businesses such as sporting goods stores, outfitters, environmental businesses, hardware, etc. be recruited. Two Winnipeg wholesalers have indicated that they would be willing to supply product on a consignment basis to the facility. These include a clothing manufacturer and a fabric supplier.

Lower Front Office

Size: 21*23. This office space will house the primary, full-time retail tenants. It is anticipated that the staffing of this unit will be provided locally, and charged against the revenues of the retail supplier. Thus, the majority of the risk is borne by the local entrepreneur/employee.

Lower Rear Office

Size: 21*23. The two classrooms will be the focus of the “shared services lease” program. This concept has been used extensively in California, but focuses on mall concepts that emphasize fashion outlets. Each tenant receives an open area that adjoins other open areas (in similar vein to open-air fruit markets). The tenant may or may not staff his own outlet, but most frequently allows the mall to provide all staffing solutions. Items are purchased at central, common cash areas. The most common program is to charge a rental rate that is reflective of salary requirements for the entire mall, portioned based on space leased. However, a second option allows for a base lease rate plus percent of gross sales (calculated on a formula that considers the gross profit of typical products).

The Centre will use a formula that hybridizes the two program styles. Tenants will pay a percent-of-gross fee that will include rent and payroll. This formula will stimulate development of a local personnel staffing business that may qualify for CEDTC funding.

Surplus.

. This retailer will be difficult to recruit. Preliminary discussions with Princess Auto offer some potential, but no decision will be made in the first half of 2008. The primary focus of this business is reclaimed items of interest to local buyers (e.g. hydraulics, etc.). However, it may also be developed as a “collectibles” shop to attract urban and online buyers.

Outfitter/Outdoor Clothing.

This combination shop will operate partly on consignment and partly as a local partnership with product suppliers. Product lines include outdoor clothing from a Winnipeg manufacturer, a glove supplier, a sports jersey supplier from Winnipeg, as well as (tentatively) International Clothiers. To augment the product line, we will recruit a supplier of camouflage clothing, First Nations moccasins, and limited supplies of outdoor work clothes.

Eco-business workshop

Size: 10*15. Lease rates: \$262.50/mo. This business is supplying wind and solar equipment to the Inwood Quarry project. It is owned by three young Winnipeg

entrepreneurs, and may be eligible for funding through East Interlake Community Futures, and Young Rural Entrepreneurs. It has been designing and developing a variety of eco-friendly products for two years, and will be commencing full retail operations in 2008. It is consistent with the proposed theme of the Centre and Inwood as an eco-products destination.

Kitchen.

Size: 12’*9’. Lease Rate \$189.00

This unit will be converted for use as a public Laundromat. This business is being established by investors Val & Gord Watt. The lease agreement will allow for supplementary charges for hydro use, based on sales volume.

Office/Storage Room

Size: 9’*14’. Lease Rate: \$220.50.

This space will be jointly used by the IDAC and the Inwood Quarry Interpretive Centre. It will also act as the “information centre” for visitors to the site. Rents are subject to change for the IQIC, and will likely be waived for the IDAC.

Staff Room

Size: 16’*21’. Lease Rate: \$504

The Sunovo credit union is considered one of the anchor tenants. It has indicated that, although it will be using the site 2-3 days per week, it will lease the space for the full month. As well, Sunovo will pay for leasehold improvements that will include installation of a second “escape” exit leading to the gym area, and a window opening into the main foyer.

Secretary/Library Room

This room will be operated by the IDAC as a thrift/surplus shop. All net revenues in excess of consignment fees will be returned to the operating account of the Centre.

Seniors Room/K-1 Room

Size: 1400 sq. ft. approx

These rooms are intended for use by a variety of health and seniors-related businesses, on a one- to 2-day per week basis. Three small rooms off the north end of the K-1 room are

suitable for use as tanning, massage, etc. rooms. One of the rooms is being requested by a local artist/print shop.

The IDAC is evaluating establishment of a daycare centre in the building. The target space currently is the K-1 room. However, it is recommended that the former resource room, adjacent to the gymnasium, be used as a daycare. It is accessible to the gym for leisure activities, has good window space, and, with the addition of an exterior door and fence, could have good access to the proposed outdoor play area at the front of the building.

Massage Therapy/Tanning.

Rental Rates: 2 days = \$96.80/ mo. Two massage therapists have expressed an interest in leasing space on a 1-2 day per week basis.

Beauty Salon

Rental Rates: 1 day = \$35.20/mo. This space will be ideal for a cosmetician, or other beauty services provider.

Hair Care.

Rental Rates: 2 days = \$70.40/mo. One hairdresser has expressed an interest in leasing this space on a 1-day per week basis.

Alternative medicines, chiropractor, mobility devices

Two mobility equipment providers have expressed an interest in leasing space on an infrequent basis, or on leasing on a 1-day per week basis, paying the owners for staffing solutions. One health foods supplier has expressed an interest in setting up a small outlet, if staffing needs are provided locally, as well as an occupational therapist. Other potential tenants include a chiropractor, audiologist, alternative medicine (health foods) retailer, homeopathic (natural) remedies, acupuncture/pressure specialist and reflexologist.

Audiologist, Hearing Specialist, Optometrist

Throughout rural Manitoba, these health specialists have established satellite offices that operate 1-3 days per week. The centre's focus on seniors and health businesses will make the site particularly attractive to related specialty businesses.

Total lease rates for the health providers is calculated on a 3-day per week total occupancy, leaving 2/3 of the space available for additional providers. The proposed rental fees for the facility will be \$28 per foot, or \$1,960 per month.

Resource Room

Size: 15'*19 plus office

This room will be used as a daycare centre, owned and operated by IDAC. Planning for this facility, as well as modifications and inspections will require 4-6 months.

Common areas.

Gift kiosk

Size: 6*7. Lease Rates: \$73.50/mo. The kiosks are constructed to be moveable, including stock. This will allow the units to be strategically placed to capitalize on traffic flow.

Souvenir kiosk

Size: 6*7 \$73.50/mo. See Gift kiosk description.

Vacant

Size: 6*7 (3 spaces). These available kiosks will be attractive to entrepreneurs seeking to set up a bookstore and/or florist, or to market Interlake farm & rural products, crafts and goods. Such products could readily be marketed over the Internet, through the IQIC website or the development of a website for the Centre.

Foyer & hallways

The foyer will offer couches and chairs for visitor comfort. Vending machines will be located strategically in common areas. During trade shows, these areas will be rented to exhibitors. Local artists will be recruited to place their wares on display, on a consignment basis. This will also minimize décor costs.

Gymnasium

Size: 38*60: The original proposed use of the gymnasium as a RTM industrial space is not the most attractive option. Rather, more potential revenue may be achieved by using it as a recreation centre, and/or developing bowling lanes, indoor batting cage, golf driving range, archery range, etc. If these business options are developed, the

eco-products business may be relocated to the retail spaces that remain open. The gym will also be used as an event centre. This option will be more attractive if the Centre obtains licensing as a spectator events facility, thus allowing it to serve alcohol at these events without the need for food. Plans are being prepared for a variety of spectator events, involving the tourism industry, through the Inwood Quarry Interpretive Centre project.

Exercise area & Wii centre.

This is another business that may be developed locally through the CEDTC program. It will include exercise equipment, and the new Wii systems, for virtual sports and exercise. If the gymnasium is developed as a leisure centre, this business will be ideally placed to augment service offerings.

Recreation/Leisure Centre.

An interest has been expressed in constructing a small recreation/gaming facility on the site. This facility would enhance the recreation offerings of the region, for locals and tourists to the area.

- i. Bowling. The flexible design of the gymnasium facility is amenable to installation of up to 2 bowling lanes. Two lanes are available for sale in Arborg, recovered from the closure and sale of the Treasure Island complex in that town.
- ii. Batting, Putting. There are no off-season batting cages in the Interlake, and no off-season pitching greens accessible to the area. The development of indoor facilities for “pitch and putt” and batting will be a significant attraction for the Centre, given the popularity of golfing and baseball in the Interlake. It is recommended that The Inwood Golf Course be given first option on the installation of the golf, archery, billiard and baseball services.
- iii. Archery. The addition of an archery range will supplement the “alternative to outdoor” concept, and provide enhanced customer traffic during the winter season.
- iv. Gaming Centre, Pool. If space permits, the Centre will recruit a business providing pool tables and video games. The Inwood Centre

and Lakeshore Centre Division will be consulted regarding any recreation service that may conflict with or be detrimental to the students, and will restrict hours of use accordingly.

Social Events

The gymnasium will be leased for local events on weekends. Accordingly, the various activities renting space Monday-Friday will receive reductions in rent to allow for this flexibility. Projected revenues for these events are \$2,000 per month. Each community organization may apply for 2 occasional permits per year. These are the responsibility of the organization. However, the Centre will explore the viability of licensing as a community centre, meeting hall, etc. to allow for frequent liquor licence permits.

Supplementary Services.

The inclusion of the golf, baseball, archery, exercise and bowling services will stimulate the desire for snacks, drinks, and light food services. The provision of such goods will be an attractive opportunity for Rosie's, the Inwood Golf Course, and Food Town, each of whom could supply snacks and beverages through vending equipment, provided by the Centre for a percentage of gross revenues. If local providers are unwilling to provide vending options, other entrepreneurs will be recruited for this component.

Additional Options for development of gymnasium

Classroom

This space will be used to recruit short-term training programs (e.g. RRCC, Assiniboine College, etc.) to the area. This site may not be available if the gymnasium is developed as a recreation/leisure centre.

Repair/refinishing shop

Size: 10*15 \$250/mo. As in the classroom space discussion, this business is viable primarily if the gymnasium is used by the RTM business. It may also hold potential for use by the computer business, if the store sales volume warrants setting up a local repair depot. As a refinishing centre, we will need to assist the prospective business

in identifying local resources, establish shipping options and work with local contractors to develop liaisons for the new business. However, much similar to Furniture Park Road or Loudoun Rd in Winnipeg, once a couple of similar/symbiotic businesses locate to an area, additional similar businesses will find the site an attractive option for relocation or development.

Day care.

Size: 22'*25'. Lease rate: \$595.83/mo. This business may have access to provincial funding for daycare spaces. A local group has expressed an interest in developing a childcare facility on site. However, the Centre will need to construct a fenced play area for the children, both as a requirement of the province for such facilities, and to ensure isolation & protection from Highway 229 traffic.

FUTURE NEEDS

Training Programs & Development

To stimulate development of sustainable business concepts in the region, the Centre will seek out partners for implementation of training programs and support services relevant to the operation of micro-businesses. These training programs often are conducted by the East Interlake Community Futures Corporation, West Interlake Community Futures Corporation, and Evergreen Centre Division, and entail short courses in such topics as bookkeeping, Microsoft Office programs, and Starting a Small Business. The Centre will look at enhancing those course offerings through partnerships, plus providing additional ongoing training in Customer Service, Marketing a Business, Strategic Planning, Workplace Health & Safety, Internet Tools, Financing & Funding, and others.

DISCUSSION RE. PAIN CLINIC

An analysis of health services needs conducted for a private group in Arborg in 2006 identified the need for a pain relief (pain clinic) centre in the community, built around the existing infrastructure. That infrastructure included a 12-bed hospital, 42-bed personal care home, 48-unit independent living lodge, 3 –unit seniors apartments, and a 32-unit assisted living facility. It was determined that a pain clinic focusing on joint and soft

tissue problems would be viable, largely because of the concentration of seniors in the Interlake and the availability of other health services businesses.

While Inwood lacks the volume of seniors, and the supplementary services such as eye, ear and dental care that Arborg has, many communities in USA have successfully developed centres of excellence by focusing on one ailment.

Inwood has an advantage over Arborg in that it is closer to Winnipeg and is near the primary routes taken to the city by seniors seeking health treatment. As joint and soft tissue pain generally is ongoing, rather than occasional or infrequent, a site that is central to users is advantageous. Inwood will draw clients from Teulon, Gimli, Arborg, Eriksdale & Fisher Branch areas effectively.

The Centre has received expressions of interest from several related businesses, including a hearing specialist, massage therapist, occupational therapist, mobility provider, health foods provider, and others. By combining the variety of health services providers in this centre, IDAC will be able to brand the pain clinic as unique, and attract clients from Winnipeg, as well as throughout the Interlake.

Other businesses being approached as prospective tenants include an acupuncturist, chiropractor, eastern health foods provider, reflexologist, beautician, dietician, laser therapist, and naturopathic medicines specialist.

It is anticipated that the pain centre theme will not work in conflict with the environmental products theme, due to the ability of the Centre to segment and partition the Centre effectively.

RISK ANALYSIS

OPPORTUNITIES, THREATS & RISKS

Location

The Centre operation is vulnerable to several risks to its successful operation. Prior discussions have focused on location of the facility. However, offsetting the risks posed by the location are several advantages, or opportunities that arise from the location. A more significant threat to the operation is posed by the inherent practice of rural communities of attempting to mimic successes of nearby communities, rather than cooperatively developing neighbourhood strengths. The general remedy to this threat is to strategically place the Centre so as to mitigate the potential for duplication and imitation. The current traffic past the facility is inadequate to support extensive retail or commercial operations. To ensure commercial viability, alternative strategies to attract customers is required.

The following table indicates daily traffic flow past specific points adjacent to Inwood, on Highways 17 and 229.

Location	AADT	ASDT
#17 south of Inwood	860	115
#17 north of Inwood	650	115
#229 East of Inwood	270	115
#229 west of Inwood	120	115
#7 at 229	1800	114

Solution

The positioning & theming of the Centre, as well as the development of business support services and infrastructure will offset location concerns, as discussed in prior segments.

Health Services

In this instance, nearby communities are looking to attract business and residents to negate or mitigate the impact of loss of population. In the cases of Arborg and Teulon, the efforts of the Inwood Centre to attract health services to the community will be detrimental to the efforts of those two towns to emerge as centres for seniors' services.

Solution

By focusing on one element of health services (namely, pain reduction), we will be able to position ourselves uniquely in the Interlake. At the same time, the treatment of pain, in many instances, is not a service controlled and funded through public health facilities, allowing for private operators and retailers to compete in the market.

Tourism

The effort of the Centre to attract tourism to the area is relatively novel, in that neither Teulon or Arborg have positioned themselves as tourism destination points. The IQIC project, along with the nearby Narcisse dens, will position Inwood uniquely in the Interlake. Tourism is not a vibrant part of the Interlake economy, and the effort to market Interlake products and souvenirs will require building a client base slowly. Tourism is a very seasonal operation at present.

Solution

The IQIC office will conduct Interlake tours throughout the year, promoting all areas of the Interlake.

The use of the Internet as a marketing tool for local products & services will expand the reach of the gift, souvenir and local products shops.

Recreation & Leisure

Each major centre of the Interlake is highly focused on attracting local and regional use of their facilities. However, for the most part, recreation is unimaginative and conventional. There is little draw from outside of the immediate area for non-summer activities in the Interlake.

Solution

The development of indoor recreation with an outdoor flavour will provide local residents with an opportunity to “keep in shape” with their favourite summer sport. The archery, putting and batting facilities can be used year round. Hunting is still a popular rural sport, although many of the hunters have taken up archery and muzzle-loading as an alternative to rifles. This emerging practice fits well with the establishment of an archery range.

Most communities have seniors leagues, as well as organized leagues for softball and baseball. The availability of a batting cage will allow for both pitching and batting practice throughout the year.

Currently, there are eleven golf courses in the Interlake, with two more being developed. That abundance of golf greens indicates the popularity of the sport, and fits well with the development of an indoor pitching and putting range. The Centre ceiling height is inadequate for the installation of a driving range, unless virtual golf screens are set up. This is a costly process, and is not warranted at this time.

Business Services

A major shortfall in services in the Interlake is an array of business support services. Services that are available are provided through the Community Futures Corporations, and are relatively remote from the area.

In 2003, Arborg conducted an assessment of needs for the region, and ascertained that bookkeeping, office support (typing, communications, telephone answering, secretarial services, marketing, Internet skills, etc.) were lacking, while assistance with funding and financing was fragmented.

These services are essential to micro-business and one-person operations that wish to establish a credible presence.

Solution

IDEAS Business Solutions will provide an array of business support tools, at significantly reduced costs, to local business and on-site business. This service array will enable tenants to compete effectively with established local and urban

competitors, and will render the Centre as more competitive than other regional offices.

In particular, telephone answering, invoicing, bookkeeping and marketing will be provided to the tenants for as little as \$50 per month.

Infrastructure

The most obvious infrastructure shortcoming for the facility is access to good, consistent cellular coverage, as well as access to consistent high-speed Internet access. Current service for cellular is spotty, with four dead spots within a 25 kilometer radius.

Costs for business telephone service average more than \$100 per month, when long distance charges are included.

Internet access is either by dialup, or by wireless service that historically has been of poorer quality.

Solution

The Centre, in conjunction with IQIC and IDEAS, will develop a partnership with TCM Electronics (Ashern) that will allow installation of a wireless tower in the community to compete with Rainy Day. At the same time, the four partners will work aggressively to develop a local Wimax network that will allow for mobile telephone coverage, high-quality high-speed Internet access, and VOIP land line telephone capacity. This program will result in a significant reduction in service costs, and elimination of long distance charges.

First Nations

The location of Inwood on a direct route to Winnipeg from three Interlake First Nations communities offers an opportunity to develop services for, and in partnership with those First Nations. This process has begun with involvement of Fisher River in the IQIC tour project. The location of Inwood along the gravel highway connecting St. Laurent area to Inwood allows for a closer liaison with the Metis community. Key members of this community have expressed an interest in working cooperatively with the Centre.

Solution

The Centre will engage the Fisher River, Peguis & Jackhead First Nations in efforts to develop services and joint business ventures, as well as engage St. Laurent in

similar discussions. The growth of these relationships should encourage First Nations on Highway 6 to reroute from Hwy 6 to Hwy 17 when traveling to Winnipeg, and should increase flow-through and visitation for additional service needs by those communities.

Wilderness Interests

The location & reputation of Inwood and surrounding area as remote and pristine plays well into the development of the area as a destination for eco-tourists and provider of eco-products. Since no other community within the Interlake has focused on this retail opportunity, Inwood is positioned to capture that regional market as well.

Solution

The Centre will focus its retail element on outdoor supplies, hiking and wilderness gear, etc. By promoting the Prime Meridian Trail and the Inwood Quarry Interpretive Centre, the Centre will become a staging point for those visitors to the two facilities. Working with the IQIC, the Centre will promote birding and sightseeing in the immediate region. The snake dens offers an opportunity to develop research activity relating to the University of Manitoba interest in the area. The IQIC initiatives will also enhance the likelihood of the U of M and other research institutions selecting the town for work on eco-projects.

Stagnation & Lack of Interest

The region experiences a lack of commitment by prospective local entrepreneurs regarding partnerships and evaluation of innovative undertakings. This lack of “creativity” and skepticism will act as a severe impediment to local involvement in any new undertaking, unless the proponents clearly can demonstrate the viability of the initiative. However, the Centre will also provide several entry level and semi-skilled jobs for local workers, which will assist in developing a positive and receptive outlook by neighbours of the Centre.

Solution

The Centre will seek out new partners for business in the Centre, both locally and within the Winnipeg region. By involving partners with minimal risk in small undertakings, we will distribute the risk and opportunities of those new businesses.

The news business partnerships will also provide employment opportunities for youth that, in part, can be funding through provincial government support.

We will seek to attract an array of government services as tenants (e.g. MASC, FCC) and will nurture relationships with the local MLA to assist in this effort.

The Centre will house a small classroom space, to encourage small business and community meetings in the facility, as well as use of the room for training sessions and workshops. IDEAS will provide computers and projection equipment for these meetings and training sessions. By providing food services through local merchants, these workshops can be held on a full-day basis. The gymnasium will be available for conferences during the weekends, and may be available during the week through cooperative subleasing from weekday tenants.

Lack of Tenants

Because of a number of impediments to development of the facility (listed prior), there may be insufficient interest in leasing space in the facility.

Solution

The building may be sold by the investors.

Access to Capital

Although each of the investors has access to additional capital, any or all of them may be unwilling to invest in the project beyond a certain level.

Solution

In the US, commercial buildings and malls have successfully been converted to commercial condominiums, with owners purchasing their individual component of the premises, in a manner similar to apartment condominium owners. While the Condominium Act of Manitoba does not specifically allow for commercial condominium partitioning, neither does it exclude same. The Centre will evaluate and consult with legal authorities as to the possibility of converting the building to commercial condominiums.

MANAGEMENT & PERSONNEL

PERSONNEL

The facility does not require full-time employees, and will have no staff.

All management, office support and marketing services will be paid for on a fee-for-service.

Cleaning, maintenance & repair, and lot maintenance will be done by contractors to the facility.

The businesses owned by the IDAC (daycare, thrift shop) will be staffed as if they were independent businesses, and may utilize the staffing pool (discussed below)].

OPERATIONS & MANAGEMENT

The business manager and each of the investors will recruit tenants based on priorities, and future plans, and for fees as itemized in pro formas.

Staffing.

The Centre will need to offset some of its weaknesses (e.g. location, population/market size) by providing unique benefits that will be attractive to prospective tenants.

One such benefit is provision of local staffing solutions. Several prospective tenants that have been interviewed as a part of this business plan have expressed an interest in leasing space, but require affordable staffing solutions. To train sufficient employees to man an outlet six days per week is a costly, and high-risk proposition. However, if staff are available for the one- or two-day tenancy, or if local staffing solutions can minimize the cost risk for the out-of-area tenant, that lease becomes more viable.

To attract several retailers without offering local staffing solutions may take in excess of two years. In that time, the reputation of the Centre will be damaged locally due to high vacancy rates. However, by offering staffing solutions, allowing for short-term (1- or 2-day per week rentals), developing local/urban business partnerships and branding the Centre, we will be able to recruit a high number of tenants in 2008.

Because several retailers can be housed in a cooperative-style retail unit, with shared staff, costs can be further minimized. The Centre will recruit either a local contract staff

provider, or will provide staffing solutions (with a 15% markup) for the retailers who wish to lease space and utilize local staffing options.

The staffing business may be eligible for rural entrepreneur funding and CWLP loans.

Sales.

To facilitate and expedite recruitment of tenants for the Centre, each of the owners and contract management services will be utilized to secure the needed lessees. Each prospective lease will be approved, altered or rejected (vetted) through the Centre board. A commission of 3.5% of rental fees will be paid, for the duration of the lease period (to a maximum of five years), to the person securing the lease. This will stimulate greater effort on the part of each director and contract manager to secure tenants promptly, yet in accordance with the philosophy and priorities of the Centre ownership. The sales commissions will be paid quarterly, or whenever commissions due reach \$150, whichever is later.

Professional Services

The IDEAS Office Solutions tenant will provide a variety of business support services to local off-site businesses, as well as to onsite businesses. Such services as bookkeeping, office support and telephone answering will be provided at a discount to the Centre, and upcharged to the on-site tenants.

Professional services such as legal support and accounting will be contracted, with the board of directors determining the most appropriate professional for the service required. The Centre will work closely with the East Interlake Community Futures and local development organizations to provide and solicit additional services such as financing, marketing and planning for on-site businesses. This array of support offerings will allow the centre to operate as a business incubator.

Typically, incubators allow new business to grow because of low overhead and professional support. In turn, those businesses may expand beyond the capacity of the incubator, and set up local, larger operations. The space freed up in the Centre will be available for newer incoming businesses. Thus, the Centre will help to spawn local business growth.

GENERAL OPERATIONS

LEASEHOLD IMPROVEMENTS.

Leasehold improvement costs will be the responsibility of the tenant. However, the Centre may opt to undertake the improvements, with the costs amortized over the life of the lease by the tenant.

Sunovo and IDEAS will each be undertaking leasehold improvements at their own cost. The construction of moveable walls are not considered leasehold improvements, and will be the responsibility of the Centre.

FIXTURES & REPAIRS

No replacement of fixtures is required at this time. Washrooms are in good condition, with little repair required. The wheelchair lift requires some repair. Grant funding will be sought for this item.

Subsequent to the acceptance of purchase price of the Centre by the provincial Finance Department, several hydro poles were removed. These are considered fixturing and are to be replaced by the school division.

Subsequent to purchase of the Centre, exterior stairways were removed by demolition personnel. These are to be returned to the Centre.

Ceiling tiles and walls will be repainted and repaired as needed. Floors will be stripped and refinished.

Prior to occupancy, the IDAC will conduct a thorough examination of the premises to ensure that the property is in the same condition as when the purchase offer was accepted.

Any shortfalls or damage are to be repaired or replaced by the prior owners.

General repairs including floor refinishing, common area wall painting, ceiling repairs, and general maintenance duties will be undertaken prior to opening of the facility.

RECONSTRUCTION NEEDED

The front entrance will need replacement within 18 months, as part of the general improvement of the front of the building. This upgrade will be funded, in part, by the Hometown grant program.

SIGNAGE

An appropriate sign for the front of the building will be installed, either as a standalone sign at the entrance, or affixed to the front wall of the building. A reader board indicating the assorted tenants will be provided, allowing for the individual tenants to erect a sign indicating their presence in the facility. These tenant signs will be installed at the tenant cost.

FAÇADE

The façade of the building will be upgraded, partially with funding from the Hometown grant program and partly from the first year operating budget.

HYDRO, INSULATION, WINDOWS & ALTERNATIVE HEAT

The IDAC will evaluate the feasibility of replacing and upgrading the heating system for the Centre, with a focus on alternative energy systems, if they prove to be cost –effective. Interlake Water (Inwood) will be consulted as to cost of installing geothermal well system.

On a phased basis, existing lighting will be replaced with more appropriate lighting. In addition, primary lighting will be upgraded and funded, in part, through the Manitoba Hydro rebate programs.

Similarly, insulation & windows will be retrofitted, funded in part through the Manitoba Hydro rebate programs.

ZONING & LICENCING.

The site currently is located in a multi-purpose commercial zone. This means that no zoning variance is required. No business licences are required by the RM of Inwood.

INTERNET EQUIPMENT

In partnership with TCM Electronics, IDEAS Business Solutions and Inwood Quarry Interpretive Centre will install a wireless tower in the community using the Eriksdale Hydro fibre-optic cable breakout as the system backbone.

This wireless network will allow for construction of a local WiFi network and area-wide Wimax network. Through this network, the Inwood area will have access to high-speed Internet, VOIP telephone service, and mobile (cellular-type) telephone coverage.

The Internet access will enhance the appeal of the centre for “virtual” business operations and those businesses relying on the Internet.

OWNERSHIP WITH LOCAL ENTREPRENEURS

The Centre will engage in partnerships with local entrepreneurs, as warranted, to develop and operate relevant businesses and essential support services in the area. The Centre will assist in identifying and obtaining grants, general funding and other financing for those businesses.

All decisions as to partnerships and joint ventures will be made by the board of the IDAC.

COMMUNITY ECONOMIC DEVELOPMENT TAX CREDIT

This tax credit will be evaluated as a funding option for development of local, relevant businesses within the facility. It allows for a 30% provincial tax credit (maximum \$9,000 per year) for development of local eligible businesses. However, it requires specific format, and is somewhat restrictive in the types of businesses that may be funded.

MARKETING PLAN

ADVERTISING

Aside from the initial advertising campaign for the Centre, all advertising will be cooperative advertising, with costs shared by each of the tenants proportionately. The advertising will be publication of a 4-page ledger-sized newsletter, distributed to the 16,000 homes within the Centre's market area by direct mail. This mailer will be published quarterly. To further reduce costs in the second year of operation, the Centre will partner with the IQIC.

OPEN HOUSE

In August, 2008, the Centre will publish and distribute a 4-page flyer to 12,000 homes in the region, promoting the open house for the Centre. We will prepare news releases for distribution to Interlake Publishing newspapers. Costs will be partially offset by cost-sharing with tenant advertisers.

TRADE SHOWS, EXHIBITS

A series of trade shows will be conducted (monthly) with themes that are specific to the Centre's operation

In August, a Seniors' Lifestyles show will be held. Prospective exhibitors, to date, number 43.

Subsequent 2008 exhibits are as follows:

September	Harvest Home & Hobby
October	Farm & Business
November	Technology & Environment
December	Recreation, Entertainment & Travel

INTERNET

In October, 2008, the Centre will develop a website presence to promote the facility and the tenants within it. Costs will be paid through the common area charges levied against each tenant.

FINANCIALS

INCOME & EXPENSES

The following table indicates income and expenses for Year 1 and Year 2 of the facility. Note that the Expenses include capital repayments in each of the two years, which are not normally included in Income & Expense Calculation. Year 1 Debt Repayment -- \$4,680. Year 2 Debt Repayment -- \$6,180.

Year 1 (August/08 – July/09 Operations)	Year 2 (August/09 – July/10 Full Operations)
Income from Operations \$72,566	Income from Operations \$100,536
Operating Expense \$73,296	Operating Expense \$96,039
Net Income - \$730	Net Income \$4,497

CASH FLOW

The following table indicates cash flow for Year 1 of the facility.

	3 Months	6 Months	1 Year
<i>Cash on Hand, Start</i>	\$8,750	\$8,750	\$8,750
<i>Cash In</i>	\$18,486	\$41,047	\$91,243
<i>Cash Out</i>	\$19,503	\$38,888	\$92,789
<i>Cash on Hand, End</i>	\$7,732	\$10,909	\$7,204

CAPITAL COST & STARTUP EXPENSE

Costs		Sources of Funding	
Construction & Capital	\$80,000	Conventional Funding	\$86,000
Startup Expense	\$16,000	Line of Credit	\$10,000
Total	\$96,000	Total	\$96,000

SECURITY DEPOSITS.

Commercial tenants are not subject to the same rent controls as residential tenants, and are not subject to the same 50% of first month security deposit. However, rather than charge larger security deposits that may deter tenancy, we will charge a deposit of 50% of the first month.

GST/PST

The Centre will apply for GST registration immediately. As we are not operating a retail outlet or manufacturing environment, we will delay applying for PST registration until required by law.

PERMITS & LICENCES

The Centre will require a construction permit for minor electrical modification, the fixed-wall alterations to the gymnasium & two classrooms, and the handicapped access. There is no permit or licence required for operation of the facility. Individual business licencing and registration may be required.

COMMON AREA COSTS

Common area charges for tenants have not been determined. It is anticipated that these costs will include snow removal, lawn care, and interior cleaning & maintenance of common areas.

INSURANCE

While the Centre will maintain necessary insurance, each tenant will be required to demonstrate insurance in place for liability, damage.

BANKING

The Centre will use Sunovo as its banking institution. A Line of Credit (up to \$100,000) will be solicited.

EVENTS & ACTIVITIES

While the Centre is recruiting tenants for the gymnasium portion of the building, it will hold bingos, Monte Carlo event and Texas Hold-Em for the IQIC, for a flat fee or

percentage of gross revenues. The anticipated revenues from these 4 events will be \$4,000 in 2008.

LEASE AGREEMENT

The Centre will use a standard lease agreement (provided by EICF) with modifications.

OCCUPANCY TIMELINES

The following table illustrates anticipated timelines for occupancy of each of the tenants.

Tenant Name	07/08	08/08	09/08	10/08	11/08	12/08	01/09	02/09	03/09	04/09	05/09	06/09
IDEAS Business Solutions		█	█	█	█	█	█	█	█	█	█	█
RTM Business		█	█	█	█	█	█	█	█	█	█	█
South Interlake Credit Union		█	█	█	█	█	█	█	█	█	█	█
Hairdresser		█	█	█	█	█	█	█	█	█	█	█
Laundromat			█	█	█	█	█	█	█	█	█	█
Beautician			█	█	█	█	█	█	█	█	█	█
Lawyers				█	█	█	█	█	█	█	█	█
Insurance Brokers				█	█	█	█	█	█	█	█	█
Computer Services				█	█	█	█	█	█	█	█	█
Massage Therapy				█	█	█	█	█	█	█	█	█
Exercise Area					█	█	█	█	█	█	█	█
Outfitter						█	█	█	█	█	█	█
IQIC						█	█	█	█	█	█	█
Gift Shop						█	█	█	█	█	█	█
Eco-business						█	█	█	█	█	█	█
Surplus Store							█	█	█	█	█	█
Daycare									█	█	█	█
Mobility Devices										█	█	█
Chiropractor										█	█	█

Alternative Therapy													
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GRANTS

The Centre will upgrade insulation, lighting, windows & doors and heating systems with assistance from Manitoba Hydro’s assortment of rebates. We will use local trades (and, specifically, trades within the Centre) to complete as much of the work as possible. The retrofit of the handicapped access will be funded, in part, through government funding.

COMMUNITY ECONOMIC DEVELOPMENT TAX CREDIT (CEDTC)

The CEDTC is a provincial funding option that encourages local entrepreneurs and investors to invest in rural innovative business. It excludes real estate development, professional services, seasonal (tourism) projects and other specific concepts. The CEDTC allows individuals to invest up to \$30,000 per year in a qualified project, and receive a 30% tax credit that can be carried forward ten years or back 3 years.

This program will be attractive to individual businesses within the Centre, and is an excellent tool to recruit those new tenants such as the sports centre, the eco-products businesses, etc.

The Centre will assist businesses looking to capitalize on this credit, by using the services of IDEAS Business Solutions.

GOVERNMENT ASSISTANCE

The Rural Municipality of Armstrong will be asked to provide tax relief for each of the first three years of operation of the Centre, to enable the Centre to offer initial low rental/lease rates to attract clients to the facility. This tax relief request will be patterned after relief offered by the RM of Bifrost, RM of Gimli and town of Arborg to new businesses.

TENANT LIABILITY INSURANCE

Each tenant will be required to obtain and maintain appropriate insurance as a condition of tenancy. The two insurance businesses within the Centre will be requested to provide a promotional package to be given to each new tenant regarding his/her insurance needs.

APPENDICES

1. Income & Expenses, 5 Year Conservative Scenario
2. Cash Flow, 5 Year Conservative Scenario
3. Debt Servicing, Initial Investment
4. Sample Lease Agreement
5. Constitution & Bylaws, Draft (IDAC)
6. School Floor Plan