Minute No. 274
Report – Standing Policy Committee on Property and Development – March 10, 2015

Item No. 13 **Proposed Lease Agreement to Allow for the Use of City-Owned Property at 669 St. Matthews Avenue for the purpose of a Day Care Centre**
(Daniel McIntyre Ward)

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Property and Development and adopted the following:

1. That the proposed terms and conditions for a lease agreement between the City and St. Matthews Kids Korner Inc. be approved subject to the proposed terms and conditions attached on Schedule A.

2. That the City enters into a Lease Agreement and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing.

3. That the proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Standing Policy Committee on Property and Development – March 10, 2015

DECISION MAKING HISTORY:

Moved by Councillor Orlikow,

That the recommendation of the Standing Policy Committee on Property and Development be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 18, 2015, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On March 10, 2015, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **Proposed Lease Agreement to Allow for the Use of City-Owned Property at 669 St. Matthews Avenue for the purpose of a Day Care Centre**

Critical Path: **Standing Policy Committee on Property and Development, Executive Policy Committee, Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Erickson	M. Pittet	M. Ruta	M. Jack A/CAO

RECOMMENDATIONS

1. That the proposed terms and conditions for a lease agreement between the City and St. Matthews Kids Korner Inc. be approved subject to the proposed terms and conditions attached on Schedule A.

2. That the City enters into a Lease Agreement and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing.

3. That the proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

In accordance with the Council Order of July 18, 1979, the Standing Policy Committee on Property and Development shall authorize the leasing or rental of City property for which the Director of Planning, Property and Development Department has no authority.

In this regard, the Planning, Property, and Development Department has negotiated the proposed terms and conditions of a Lease Agreement as set out in attached Schedule A in favour of St. Matthews Kids Korner Inc. for the use of City-owned property at 669 St. Matthews Avenue and identified as "Leased Property" on the attached Miscellaneous Plan No. 10909/1. The Lease of City land for less than market value has to go to Council for approval.

IMPLICATIONS OF THE RECOMMENDATIONS

- The Department has determined that there are no general policies, regulatory, environmental or human resource implications to entering into a Lease Agreement as set in the attached Terms and Conditions.

- The proposed lease is for a term of five (5) years with an extension option of five (5) years.

HISTORY

St. Matthews Kids Korner Inc. has maintained a lease agreement with the City of Winnipeg since 1984 for the area identified as "Leased Area" on Misc. Plan No. 10909/1.

In 2009, the Director of the Day Care contacted the Property Management Branch to express their intention to convert the said property from a School Age Centre to an Infant/Preschool Centre, so as to expand its child care services to the community.

On June 24, 2011, the project was approved by the City after reviewing all design and construction documents. The contract was estimated at $294,104.23, and awarded to Triple L Construction Ltd. Costs associated with renovation and development works were borne by St. Matthews Kids Korner Inc., and the project was completed in August 2012.

The application was circulated to applicable City departments and public utilities for consideration and comments. All comments and concerns have been incorporated into the signed terms and conditions.

The Corporate Finance Department (Risk Management Branch), has reviewed the insurance requirements for this proposed agreement and their comments have been incorporated into the proposed terms and conditions

The Planning, Property, and Development Department has negotiated proposed terms and conditions of a Lease Agreement in favour of St. Matthews Kids Korner Inc.

This report seeks approval of the Proposed Lease Agreement as negotiated.

FINANCIAL IMPACT

Financial Impact Statement

Date: January 23, 2015

Project Name:

First Year of Program **2014**

Proposed Lease Agreement to Allow for the Use of City-Owned Property at 669 St. Matthews Avenue for the purpose of a Day Care Centre

	2014	2015	2016	2017	2018
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	251	1	1	1	1
Net Cost/(Benefit)	$ (251)	$ (1)	$ (1)	$ (1)	$ (1)
Less: Existing Budget Amounts	(251)	(1)	(1)	(1)	(1)
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Revenues in 2014 consist of the one-time admin fee of $250 + the nominal rent amount of $1 while form 2015 forward, it consists of the nominal rent amount only.

"Original signed by"
Mike McGinn, CA
Manager of Finance

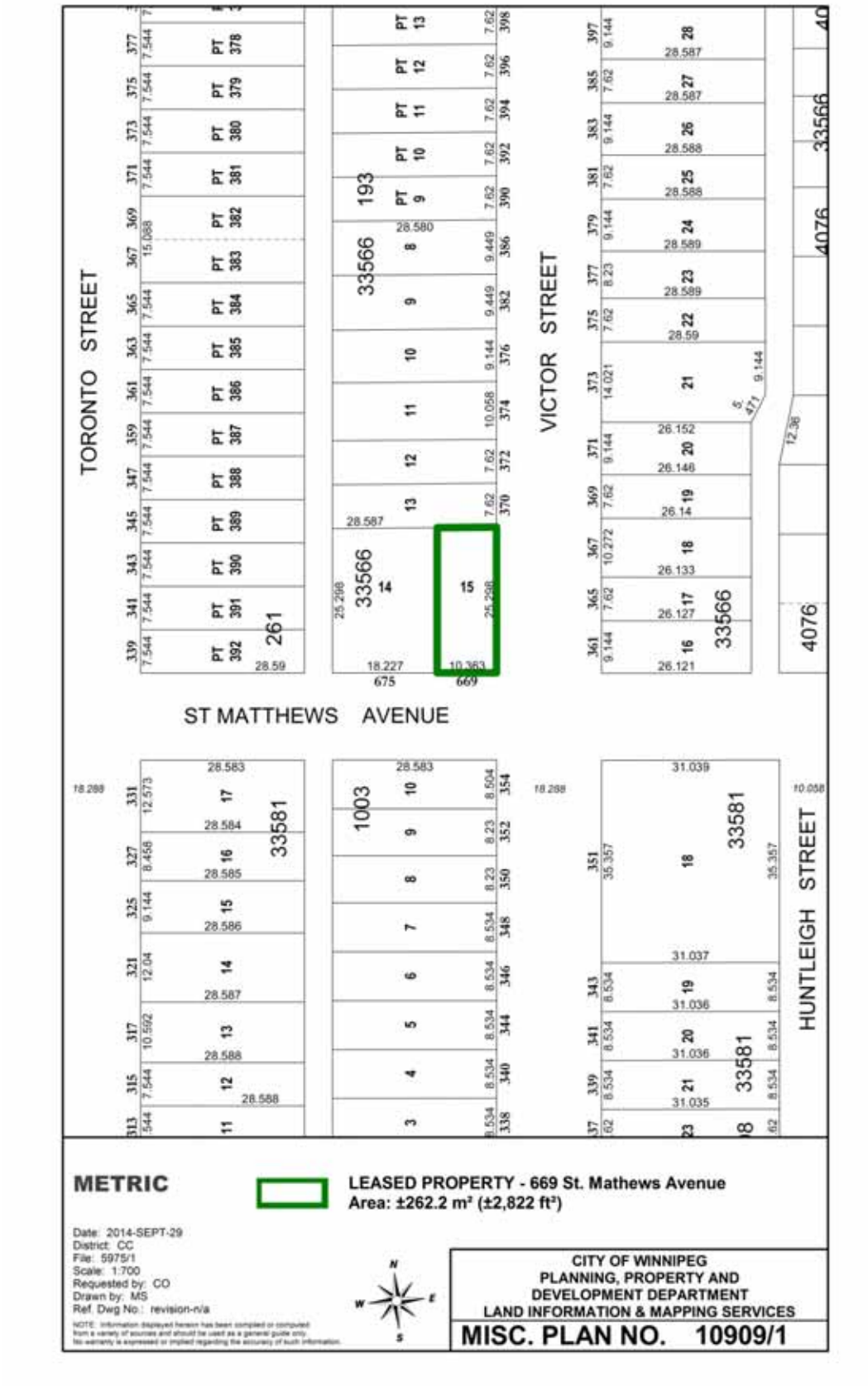
CONSULTATION

In preparing this report there was consultation with:

Legal Services Department as to legal issues
Risk Management, Corporate Finance

SUBMITTED BY

Department:	Planning, Property and Development
Division:	Municipal Accommodations
Prepared by:	Charles Osondu
Date:	February 4, 2015
File No.	MA2014-244
Property Mgmt. No:	5975-I4


TORONTO STREET
VICTOR STREET
ST MATTHEWS AVENUE
HUNTLEIGH STREET
33566
33581
4076
261
1003
193
METRIC
LEASED PROPERTY - 669 St. Mathews Avenue
Area: ±262.2 m² (±2,822 ft²)
Date: 2014-SEPT-29
District: CC
File: 5975/1
Scale: 1:700
Requested by: CO
Drawn by: MS
Ref. Dwg No.: revision-n/a
CITY OF WINNIPEG
PLANNING, PROPERTY AND
DEVELOPMENT DEPARTMENT
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 10909/1

S

SCHEDULE A

PROPOSED TERMS AND CONDITONS

669 ST. MATTHEWS AVENUE

(Shown as "Leased Area" on attached Misc. Plan No. 10909/1)

Landlord:	City of Winnipeg
Tenant:	St. Matthews Kids Korner Inc.
Use:	For the purpose of conducting the business of a **Day Care Centre** only and not for any other purpose except with the prior written consent of the City.
Initial Term:	Five (5) year term commencing July 1, 2014
Rent:	One Dollar ($1.00) plus GST per annum.
Renewal Option:	One (1), Five (5) year option to renew at the same terms and conditions.
Admin Fee:	A one-time fee of $250.00 plus GST.
Municipal Taxes:	The tenant shall pay to the local taxing authority all municipal taxes, which shall be billed directly to the tenant.
Other Fees, Licenses, Taxes etc.:	All license fees, realty and business tax, etc. which may be charged in respect of the use and occupation of the Leased Area.
Insurance:	The Tenant shall provide and maintain the following insurance coverage at all times during the duration of the contract. Commercial general liability insurance including but not limited to protection for claims of bodily injury and property damage, personal and advertising injury liability and product and completed operations liability in the inclusive amount of at least two million dollars ($2,000,000.00) per occurrence with a minimum five million dollars ($5,000,000) general aggregate. The City of Winnipeg shall be included as an additional insured. Such liability policy must also contain a cross-liability or severability of interest clause, contractual liability, employees as additional insured, tenant's legal liability for a limit commensurate with the space occupied and shall not contain any special limitations on the scope of coverage afforded the City, its officers, officials, employees, agents or volunteers.

A broad form property insurance policy, for the full replacement cost insuring the building, all contents, mobile equipment and tenant's improvements; Policy to include the City's interest as a Loss Payable, subject to Standard Mortgage Clause;

If required, Automobile liability insurance for owned and non-owned automobiles used for or in connection with the Lease in the amount of at least two million dollars ($2,000,000.00) to remain in place at all times during the full term of the Lease Agreement; such insurance may be met through the commercial general liability cover where applicable;

All property policies written on behalf of the Lessee shall contain a waiver of any subrogation right which the Tenant's insurers may have against the City and against those for whom the City is, in law, responsible, whether any such damage is caused by the act, omission or fault of the City or by those for whom the City, is, in law, responsible;

All policies shall be taken out with insurers licensed to and carrying on business in the Province of Manitoba;

Loss, if any, shall be payable to The City of Winnipeg, as their interests may appear;

Property building insurance deductibles shall be borne by the Lessee to a maximum amount of $1,000.00 per claim;

All other applicable deductibles shall be entirely borne by the Lessee;

The Tenant shall not cancel, or cause any such policy or policies to lapse without a minimum thirty (30) days prior written notice to the City;

The Tenant shall provide written notice to the City of Winnipeg of any material changes to their policies within thirty (30) days of the change taking effect;

The Tenant shall file with the City an annual Certificate of Insurance in a form satisfactory to the City Solicitor;

The City shall have the right to alter the limits and/or coverage's as reasonably required from time to time during the continuance to this Lease Agreement and for any subsequent renewals thereof, provided that the City shall give the Lessee reasonable notice and shall request reasonable change.

Cancellation: 180 days written notice by either party, or immediately upon the tenant being in default of the proposed terms and conditions of the Lease Agreement.

Conditions:	The tenant takes the "Subject Property" on Misc. Plan No. 10909/1 on "as is" basis.
	The Tenant is to comply with all laws, by-laws and regulations of any federal, provincial or municipal or other applicable authority.
	The Tenant shall maintain at its own expense the property in a safe, clean and tidy condition to the satisfaction of the City.
	Unless otherwise specified herein, the Tenant is to pay all operating costs, including but not limited to, utilities, janitorial service, security, garbage removal, snow removal and general maintenance of the demised premises and operating equipment.
	The Tenant shall also be responsible for structural repairs to the building (roof, exterior walls, replacement of heating, plumbing and electrical systems as required).
	The Tenant acknowledges and agrees that the City has made no representation, warranties or guarantees of any nature or kind whatsoever as to the quality, conditions or suitability of the property for any use or purpose, nor as to any environmental conditions which may exist.
	The Tenant shall indemnify and save the City harmless from and against any and all claims for damages or injuries, including death that may arise from the use of the Lands by the Tenant. This provision shall survive any termination or expiration of this Agreement.
	If in the future the City determines that the property is surplus to its needs and available for sale, the Tenant will be so advised.
	The Tenant shall provide, on an annual basis on the anniversary of the lease, copies of all relevant inspections/reports/etc. (i.e. boiler/ elevator/furnace inspection certificates, audit/financial statements).
	The tenant shall be responsible for the evacuation of all volunteers, staff and invitees during any emergency.
Tenant Improvements:	All Tenant improvements to be performed at the sole cost, expense and effort of the Tenant, subject to prior approval by the City.

Development and Maintenance:	The development and maintenance of the property will be performed at the sole cost, expense and effort of the Tenant, including, but not limited to, obtaining all permits required to develop, occupy and utilize the property for its intended use.
Repairs:	In the event that the property require repair, the Tenant shall perform at its sole cost, expense and effort required repairs within thirty (30) days of written notice provided by the City.
Buildings:	The Tenant will not erect or permit the erection of any building or structure whatsoever on the property, nor make any excavation therein or improvement thereon, without the written authority of the City's Director of Planning, Property and Development. The Tenant is advised that no permanent structures are permitted above the Public Utilities.
City's Access:	The City shall have the right of access to the property at any time (24 hours a day, seven days a week) by its employees or other persons acting with authorization, with or without equipment for any purpose whatsoever, including, but not limited to, those purposes related to viewing the state of repair, safety, protection, preservation or improvement of the property, and for doing any work to maintain, operate, repair, inspect or rehabilitate its existing water mains, sewer lines and appurtenances in or near to the property, without being responsible for any damage occasioned thereby. The City reserves the right for MTS Communications Inc. and Manitoba Hydro-Electric Board or other public utilities (hereinafter referred to as "Public Utilities") to enter upon the property for maintenance and/or repair of their utilities without the City and/or the Public Utilities being responsible for any damage occasioned thereby.
Assignment or Sub-let:	The Tenant is not to assign or sub-let or part with possession of all or any part of the property without the Tenant first obtaining the prior written consent of the City. In such event, the City in its sole discretion may cancel this agreement and enter into a new agreement;

And further the Tenant acknowledges and agrees that:

1) Upon its making application for such consent by the City the Tenant shall pay to the City a non-refundable administrative fee of **Two Hundred and Fifty ($250.00),** plus applicable Goods and Services Tax, or such amount as may from time to time be determined by the City in its sole discretion acting reasonably.

Termination: Upon termination or cancellation of the Lease the Tenant shall remove its property from the property and leave same in a condition satisfactory to the City. Should the Tenant default in so doing the City may remove the Tenant's property and restore the property at the sole risk and expense of the Tenant.

Total or Partial Destruction In the event of total destruction or partial destruction of the Subject Property and any Leasehold Improvements located thereon, as determined in accordance with the insurance section, by fire, explosion, lightning, flood, windstorm or hail or act of God, then in that event this Agreement shall terminate at the option of the City with effect from the date upon which such total destruction or partial destruction occurs. Thereupon, the Tenant shall immediately surrender the Subject Property and all its interest therein to the City and the Tenant shall pay Rent/Fees only to the time of such total destruction or partial destruction and the City may re-enter and repossess the Subject Property discharged of this Agreement. Upon such termination the Tenant shall remain liable to the City for all sums accrued and due to the City pursuant to the terms hereof to the date of such total destruction or partial destruction.

In the event of partial destruction of the Subject Property and any Leasehold Improvements located thereon, as determined in accordance with the insurance section, by fire, explosion, lightning, flood, windstorm or hail or act of God, and if the City does not opt to terminate this Agreement in accordance with the insurance section then in that event, the Subject Property may be partially used for the operation as set out herein, while the repairs are being made, if safe to do so in the opinion of the City. Then, in that event, the Rent/Fees shall abate in the proportion that the part of the Subject Property rendered unusable bears to the whole of the Subject Property.

The City's Chief Financial Officer, or delegate in writing, shall, in his sole discretion determine whether the extent of damage

to the Subject Property and any Leasehold Improvements located thereon is deemed to be total destruction or partial destruction. The City shall make the determination based on inspections and advice from certified professionals, including without limitation, City of Winnipeg engineers and adjusters. The Tenant shall be notified, in writing, by the City as to the determination of total destruction or partial destruction and as to whether the City will be exercising the option to terminate this Agreement as set out in the termination section, within forty-five (45) days of the date that the damage occurred.

Other: The Tenant shall enter into a formal agreement with the City embodying the foregoing Proposed Terms and Conditions and such other Terms and Conditions as the Director of Legal Services deems necessary and in a form satisfactory to the Director of Legal Services.

This proposal is subject to final approval by the City of Winnipeg's Council, or its delegated authority

I/We, Brenda Prus, Leslie Nutbean, **being** duly
(Please print)

Authorized to act on behalf of **St. Matthews Kids Korner Inc.,** hereby agree to enter into a lease agreement with the City of Winnipeg for the use of the property identified as "Leased Area" on the attached Misc. Plan No.10909/1 and in accordance with the terms and conditions as outlined herein on this Offer to Lease.

SIGNATURE	Dec 9/14 **DATE**
Leslie Nutbean **NAME(Please print)**	Director **POSITION**
SIGNATURE	Dec 9/14 **DATE**
Brenda Prus **NAME(Please print)**	Chairperson **POSITION**

Please provide the following tenant contact information:

Contact Person:

Daytime: Leslie Nutbean Phone No.: 204-772-9713

After Hours: _____ Phone No.: _____

E-mail Address: leslie@stmKidsKorner.com


TORONTO STREET
VICTOR STREET
ST MATTHEWS AVENUE
HUNTLEIGH STREET
33566
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4076
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193
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CITY OF WINNIPEG
PLANNING, PROPERTY AND
DEVELOPMENT DEPARTMENT
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 10909/1

SCHEDULE B

Non-Monetary Grant Criteria Report

Criteria	**Pass**	**Fail**	**Comments**
1. The organization must provide a facility operated in its entirety by a non-profit organization for non-profit uses.	✓		The Applicant is a licensed Non Profitable Charitable Organization
2. The organization must provide for activities which are compatible with City's needs.	✓		The organization runs a Child Care Service which meets the needs of the community
3. The organization must provide facilities for which there is a current and projected need in that location.	✓		There is a great demand for such service and currently has a waiting list of 276 infants and 106 preschool service requests
4. The organization must provide reasonable access to all Winnipeg residents without discrimination.	✓		Admission to families requiring child care services is based on –online waiting list
5. The organization must provide access without the charging of initiation fees, membership fees or other costs which are incompatible with like facilities or organizations.	✓		St. Matthews Kids Korner currently charges $30/day for infants under 2 years and $20.80/day for preschool kids (2-6 years). The cost is also subsidized through Manitoba Child Care; however qualified families still pay the unsubsidized fee of $2.00 per day.
6. The organizations must provide evidence of available funding and commitment to complete the project and assurance that no ongoing operating subsidies from the City will be required over the life of the development.	✓		See schedule C for major funders.
General Comments: The Property Management Branch has concluded that St. Matthews Kids Korner Inc. satisfies the 6 criteria required to receive a non-monetary grant from the City of Winnipeg.			

Criteria for Consideration of Non-Monetary Grant

St. Matthews Kids Korner Inc.

Contact Person: Leslie Nutbean (Director)

Phone Number: 204-772-9713

Email: leslie@stmkidskorner.com

Information on the following six criteria is required for the consideration of a lease agreement between a non-profit organization and the City of Winnipeg:

1. Demonstrate that the facility is operated in its entirety by a non-profit organization for non-profit use. All subsidies or grants and corresponding revenues must be clearly identified.

    a. Response from Proponent: St. Matthews Kids Korner Inc. is a provincially licensed, non-profit charitable child care centre.

2. Demonstrate how the organization provides for activities which are compatible with the City's needs.

    a. **Response from Proponent**: The goal of our organisation is to expand child care services to the community and the activities have provided much needed support to the families and community.

3. Demonstrate how the organization provides facilities for which there is a current and projected need in that location.

    a. **Response from Proponent:** By expanding our child care services, the centre has provided much needed support to the families in our community. Our current waiting list has 276 infant and 106 preschool service requests. However some of our families come from other parts of Winnipeg to use our centre as there is a shortage of child care services city-wide.

4. Demonstrate how the organization provides reasonable access to all Winnipeg residents

without discrimination.

a. **Response from Proponent**: Families who require child care apply for service using the on-line waiting list.

5. Demonstrate that the organization provides access without the charging of initiation fees or other costs which are incompatible with like facilities or organizations.

    a. **Response from Proponent**: The cost of child care is the responsibility of the families however they can apply for subsidy through the Manitoba Child Care Subsidy Program for financial assistance with the cost of care. The subsidy is based on individual families' income. If a family is fully subsidized for the cost of their child care, they will still be required to pay the unsubsidized portion of $2.00 per day. The cost of service is based on the age of the child. The infant (under 2 years of age) rate is $30.00 per day and preschool (2 -6 years of age) rate is $20.80 per day.

6. Provide evidence of available funding and commitment to complete the project and assurance that no ongoing operating subsidies from the City will be required over the life of the development.

    a. Response from Proponent: The centre receives funding through the Manitoba Early Learning and Child Care (MELCC) office in the form of operational grants and parent subsidies. As well as the parents contribute towards the cost through parent fees. The centre provides the MELCC with an annual budget for approval which includes: staff salaries and benefits, program, office and building and administrative.

SCHEDULE C

Manitoba
Family Services & Housing
Child Care Program
219 - 114 Garry Street
Winnipeg MB R3C 4V6
Canada

Telephone: (204) 945-0776
Fax: (204) 948-2625
Toll Free: 1-888-213-4754
Website: www.manitoba.ca/childcare

BRENDA Prus - Chairperson(s)
Leslie Nutbean - Director(s)
St. Matthews Kids Korner
525 Agnes St Street
Winnipeg, MB R3G 1N7

May 13, 2014

The Manitoba Child Care Program is pleased to advise you that your operating grant for the period January 1, 2014 to December 31, 2014 is approved in the amount of $319949.00.

The grant was based on usage of all spaces and calculated at 100% of the maximum operating grant for the funded spaces.

Grants are provided annually to child care providers, and are subject to budget allocations determined by the government for the fiscal year April 1 to March 31. The operating grant will be issued in four installments at the beginning of each quarter subject to the submission of the required financial reporting requirements.

A review of your Centre's budget has been completed and the finalized budget figures are enclosed. The board of directors of a child care centre is responsible for ensuring that the actual operating results are consistent with the finalized budget figures.

If you anticipate any major changes to your budget projections during the operating year or require assistance with any financial issues related to your program's operation, please call Sigrid Quinn at 204-945-2669 or toll free at 1-888-213-4754.

The Manitoba Child Care Program trusts that the operating grant will be of assistance to your child care program.

ST. MATTHEWS
KIDS KORNER INC.

October 24, 2014

St. Matthews Kids Korner Inc. began in 1974, and was first known as Home Street Children's Centre. The centre operated out of Home Street United Church. When the church amalgamated to become part of St. Matthews-Maryland Christian Centre, the child care centre moved to 641 St. Matthews Ave. It became known as St. Matthews Maryland Child Care.

The centre, with the assistance from the Community Improvement Program and the Core Area Day Care Program, was able to move to their own facility located at 669 St. Matthews Ave. St. Matthews Kids Korner Inc. has been at its present location since June 29,1984.

In 2007, St. Matthews Kids Korner Inc. began discussions with Winnipeg School Division to expand programming into John M. King School. In 2008, the Government of Manitoba introduced the "Family Choices" funding initiative. Our centre was able to access the "Family Choices" funding for our school- age centre to relocate into John M. King School. The centre resourced other funding to do the redevelopment of our 669 location into our new infant/preschool centre. We worked with Lou Chubenko; Project Officier II from City of Winnipeg during the process and on August, 2012, our infant/preschool centre was opened.

The goal was to expand child care services to our community by relocating our school age program into John M. King School and redeveloping our 669 location into an infant/preschool centre. By expanding our child care services, the centre has provided much needed support to the families in our community. Families who require child care apply for service using the on-line waiting list. Our current waiting list has 276 infant and 106 preschool service requests. However some of our families come from other parts of Winnipeg to use our centre as there is a shortage of child care services city-wide.

St. Matthews Kids Korner Inc. is a provincially licensed, non-profit charitable child care centre. The cost of child care is the responsibility of the families however they can apply for subsidy through the Manitoba Child Care Subsidy Program for financial assistance with the cost of care. The subsidy is based on individual families' income. If a family is fully subsidized for the cost of their child care, they will still be required to pay the unsubsidized portion of $2.00 per day.

The cost of service is based on the age of the child. The infant (under 2 years of age) rate is $30.00 per day and preschool (2 -6 years of age) rate is $20.80 per day.

525 Agnes Street ◦ Winnipeg, MB ◦ R3G1N7 ◦ Phone 204-772-9713 ◦ Fax 204-772-8364

The centre receives funding through the Manitoba Early Learning and Child Care (MELCC) office in the form of operational grants and parent subsidies. As well as the parents contribute towards the cost through parent fees. The centre provides the MELCC with an annual budget for approval which includes: staff salaries and benefits, program, office and building and administrative. I have requested a letter from the MELCC to confirm their financial support.

The centre has been at 669 St. Matthews since 1984. We have taken care of and have been responsible for its upkeep and operation without any request for support from the City of Winnipeg. That will continue.

525 Agnes Street ◦ Winnipeg, MB ◦ R3G1N7 ◦ Phone 204-772-9713 ◦ Fax 204-772-8364