

Report to Fort Frances Council

July to December 2017

RRFDC ACTIVITY REPORT

June to December 2017

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The RRFDC continued to move forward with the economic development plan and Supported the Fort Frances Economic Development Office (FFEDO) with Economic Development Advisory Committee (EDAC) meetings and numerous projects.

Economic Development Activities:

General

March 2017 was the final month of a four year investment project with FedNor and NOHFC that contributed funds to implement projects in the Path Forward Plan. In May and June 2017 much effort was put into preparing final reports and meeting all the financial documentation requirements of the programs so that new funding could be applied for. This was completed and approved in September 2017.

The RRFDC then applied for new funding and was approved through phase 1 of NOHFC for \$150,000 at a 70% Provincial, 30% Municipal. Phase 2 will be reviewed by the Board we believe at the February 2018 Board meeting.

Activities in this application include support to explore opportunities with Mining, Agriculture, Digital Economy and Forestry. Most activities related to Tourism Development are no longer supported by NOHFC grants, so we will look to other Ministries to support those efforts.

We will apply separately to FedNor for assistance on items that are of strategic interest to Fort Frances.

Mining – Industrial and Residential Preparedness



New Gold poured its first bar of gold and silver in October 2017. We will continue to work closely with New Gold's material procurement manager in order to identify potential companies for locating in the District. We have worked with the company to support worker training programs, housing RFP's and provided planning assistance.

We continued marketing efforts to establish Fort Frances as a location for mining/industrial service center. AD Example:

An advertisement for Fort Frances. The top half features a smiling man wearing a yellow hard hat, safety glasses, and an orange and yellow safety vest. He is standing in front of a mining site with yellow heavy machinery in the background. Arched over his head is the text "WHAT'S MINED IS YOURS" in a serif font, with a small black star above the word "MINED". The bottom half of the ad has a light blue background. On the left is a small icon of a fish. To its right is the text: "Call us today to talk about locating in Canada's next mining district with the lowest energy industrial property prices in the Province. 1 807 274 9621". At the bottom left, it says "VISIT WWW.FORT-FRANCES.COM" in green. At the bottom right is the Fort Frances logo, which includes a stylized green 'X' and the text "FORTFRANCES BOUNDLESS".

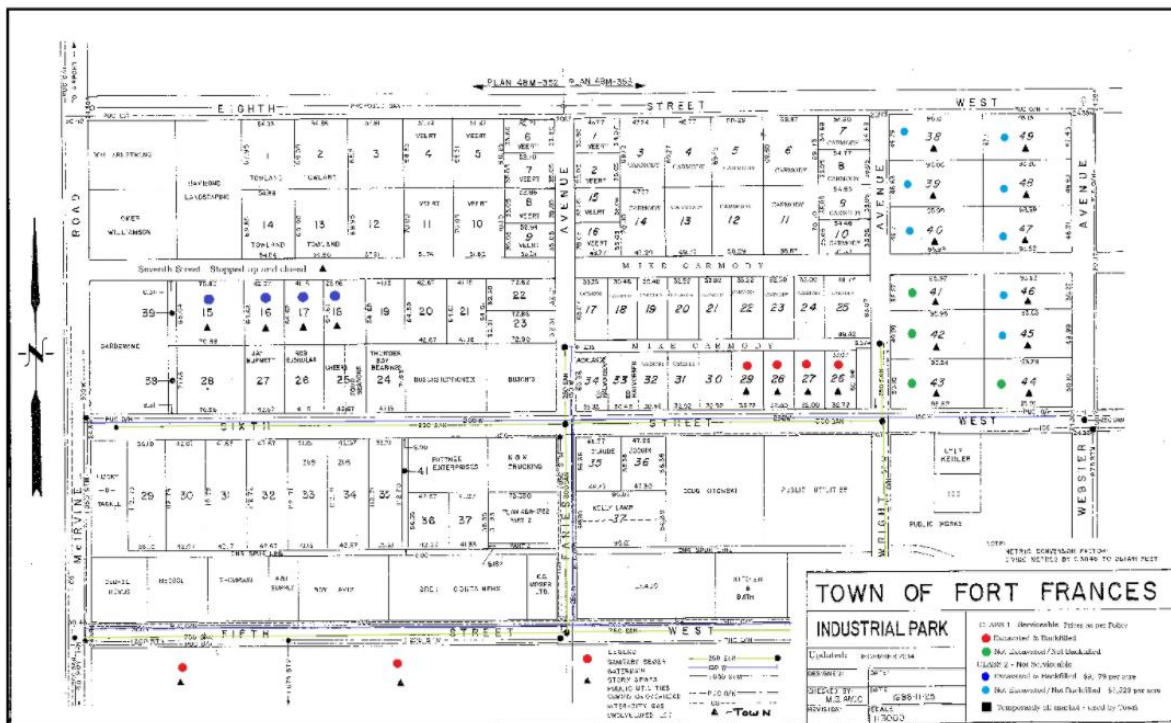
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At the request of Council, the RRFDC with EDAC, reviewed the Industrial lot pricing strategy. Over the past 2 years the Town has been very successful in its efforts to sell lots to the private sector.

We have responded to a number of inquiries and provided recommendations on proposals.

Lots Available in Feb 2015:



We now have three remaining shovel ready lots for sale and a bank of property that will take some preparation and investment to be competitively marketable. Recommendations on future land dispositions and pricing are included in the report to Council from EDAC Jan 2018.

An updated community profile was created and will be distributed at Council.

Housing Grants

The Fort Frances Residential Building Grant program is being reviewed with EDAC. The application package has been revised and a marketing effort will be mounted this spring to grow knowledge of the program.

Forestry and Wood Products

ESFL and Crossroute/Sapawe Forest Amalgamations

This fall, the Government of Ontario has signalled that it is now prepared to begin the process of negotiating an ESFL for a joined Crossroute and Sapawe forest. This work was to begin as early as November 2017, but was pushed to January 2018.

The recommendation from the RRFDC to Council is to appoint a consultant to be their agent in the negotiations.

2017 Bio Conference Recap

Cellulosic Ethanol

Geoff Gillion discussed regional wood residues and potential for additional unused wood resources with Patrick Pitkanen of st1, an advanced fuels company. The company has a pilot cellulosic ethanol plant in Finland that uses sawdust as a feedstock in Finland. They are looking for an area to sell or operate businesses like this. They are looking for enough feedstock to make at least 1.4 million liters of ethanol per year.

We believe that we do have the feedstock available if we can utilize the wood residues and standing fibre on the Crossroute that is not currently being harvested. A plant would cost an estimated \$50 million dollars. st1 and others could participate financially in a project.

Bio-Fuel

There was a presentation on bio-fuels at the Bio-Mass Conference 2017, primarily bio-diesel which has a growing market. Making a consistent certifiable product is challenging without a consistent feedstock.

Combined Heating and Power

There were many combined heating and power companies at the conference. They were promoting standalone units which would heat and power communities with wood, either chips or pellets. Chips are the primary feedstock in Finland and there are 1200 such units operating in the country. These units may have some application in Ontario, but there is some difficulty due to power purchase agreements needed to produce and use the power. The Province has made it easier to use the units to reduce emissions through the new ESAR category.

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Whitesand Combined Heating and Power and Pellet Project

The Whitesand First Nation has the rights to the Nipigon forest, formerly Buchanan's, and a power purchase agreement with Hydro One at around \$.44 per Kilowatt. They intend to generate 5 Megs of power for distribution to the FN and the Town of Armstrong, use some power to generate pellets for sale and become a wood sorting facility for Resolute FP and other. It appears to be a community based employment and green energy project as it will reduce the community reliance on diesel power generation, reduce their carbon footprint and create jobs in the region.

Lignin

There was a presentation at the 2017 BioMass Conference on lignin and a pilot project between Resolute FP, FP Innovations and Lakehead University at the Resolute FP mill in Thunder Bay. Lignin has many uses especially in replacing oil based plastic. It may be why Resolute is holding onto the Crossroute Forest.

OVERVIEW OF THE RRFDC AND WOOD PRODUCTS ACTIVITY:

Over the past few years the RRFDC has undertaken and reviewed various wood products related projects:

Wood/Grass Pellets

Outlook Market Research and Consulting and Kelwin Management Consulting recently completed Phase One (a preliminary feasibility study) for an Agricultural/Wood Fibre Pellet Facility. This Phase One work focused on several key factors that held the potential to have the greatest impact on the feasibility of the project and about which there was significant uncertainty. They included preliminary investigations of markets, feedstock availability, evaluation of the plant size and the Manitou Forest Products location for a grass and/or wood pellet/cube biomass plant.

Wood Residues

Over the last decade, pulp mills and a few large sawmills have closed in Northwestern Ontario. These same mills once took many types of residuals from other smaller saw mills and wood processing facilities within the industry. Now that there are fewer places to send residuals and the distances to the remaining facilities, make a poor business case for moving the material. In some cases, it may lead to the demise of some of these smaller facilities as well, if this market shrinks further.

Many in the industry have been warning for several years that a different solution needs to be found for mill residuals. Recently, the Rainy River Future Development Corporation (RRFDC) met with FP Innovations Industry Advisor, Percy Champagne and some local industry owners who have requested an investigation to determine the current situation in order to develop possible solutions. In the spring of 2017, the RRFDC undertook a survey of Northwestern Ontario wood manufacturing facility to determine the amount of wood residues in the region west Glulam/Wood Residues of Atikokan.

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In June 2017, the RRFDC supported a regional wooden bridge seminar to bring together interested parties to discuss this opportunity. Quebec has been using glulam beams for bridge construction for many years and it is easy and cost effective. Given the number of bridges in the District that need upgrading there may be opportunity here.

LEAF EWP is developing a new facility to manufacture unique glue laminated lumber products that offer innovative approaches to CLT and glulam. The project includes the design, engineering, acquisition and installation of custom equipment required to operate a unique glue laminated timber production facility and the testing and certification to allow use of products in residential and non-residential construction in Canada and the United States. The product, which LEAF has named MultiLam, will use MSR spruce for the compression and tension layers and under-utilized hardwoods (i.e. poplar) for the neutral layers of the panels and beams. This project was originally to be located in the Thunder Bay area. In the spring of 2017, the RRFDC met with the proponent of this project in Thunder Bay to discuss the possibility of using wood from the District to make the beams.

Housing/Wall Panels

The RRFDC has investigated both local house construction and the development of a housing wall plant. Both projects faced considerable start up obstacles such as meeting Ontario manufacturing regulations, capital costs and variable markets.

Tourism

Tourism Center

The RRFDC received grants for three summer students (8 to 12 weeks) to assist with the Tourism Center and summer projects. The Center opened on the Friday before May Long weekend and closed again at the end of September.

Visitation month over month was up slightly over 2016 and the moose and panorama display were well received. We created a series of “tours” for visitors (one afternoon, one day etc) and provided them to local hotels. As with previous years we provided display space for merchants.

The next major focus for promotion will be to create “experiences” that can be achieved in Fort Frances/on the lake. AirBnB provides an opportunity to market and monetize these experiences effectively.

Conferences

We attended both the Northern Tourism Conference and the Travel Center Conference in the fall of 2017.

Funding

We secured 2018 partnership funding from the Northern Tourism Marketing Program.

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Summer Ads

We placed ads in Sunset Country and the Fort Frances Guide this year.






Welcome to the Rainy Lake Square in downtown Fort Frances. Home of the Rainy Lake Market on Thursdays & Saturdays. Your destination for outdoor concerts, free movie nights under the stars and so much more. Visit www.facebook.com/RainyLakeSquare for a full event listing

Fort Frances – a better life exposed.

VISIT WWW.FORT-FRANCES.COM


FORTFRANCES
BOUNDLESS

 Ontario  Canada  FedNor  RAINY RIVER FUTURE DEVELOPMENT CORPORATION 

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Hotel Development

In the fall of 2016, the RRFDC began working with two companies interested in placing a chain hotel in Fort Frances. To help facilitate this interest, we began to measure occupancy daily, compile a competitor analysis, and provide property information and data on the marketplace. One of the interested consortiums is now building a Microtel on the highway but we continue to look for other interested chains.

We have “pitched” Fort Frances to the following development related professionals representing a variety of hotel chains/franchises:

- Superior Lodging Corp.
- CFO Capital
- Mi Concept & Design
- Colliers International (Toronto)
- CBRE Hotels
- Colliers International (St Catherines)
- Cushman Wakefield
- Royal LePage

Branding/Digital Marketing

The RRFDC continued the social media work to present the Town of Fort Francese on Twitter, Facebook and Instagram. We do ongoing training in social media management and the utilization of those tools to market the District.

These tools are proving to be useful in providing information to potential residents moving here as a result of New Gold. More and more potential residents reach out to connect via Facebook and twitter. We have provided supports and information to interested parties via both Twitter and Facebook.

We have added a feature to the Facebook profile that will increase our ability to communicate with citizens via direct message which could be utilized during emergencies – or to send a reminder notice to vote in the fall.

We added two more Facebook pages, Rainy Lake Square and Rainy Lake Fishing, with the goal of developing a community of interest and being able to direct market into the US for fishing and International Falls and District for the square. The Rainy Lake Square page has become quite popular with some posts exceeding 10,000 people views. The Rainy Lake fishing page has been slower to gain speed but we purchased a digital “Lake Hot Spots” map and will use that to promote the page (and the lake) starting in mid-March.

Rainy Lake Market Square

After several detours, we provided the first Rainy Lake Summer Series concerts – outside of the Square. This were very well received by the community with crowds ranging from 250 to 400 at each despite the sometimes challenging weather and cold. Concerts concluded at 8pm each night.



We were successful in achieving a grant of \$20,000 (.50 dollars) over two years to buy promotional items (tents and highway signs) for the market square and promote the market and concerts there.

A highway sign that was purchased in 2014 will be changed to reflect the Thursday markets and concerts, and the new Saturday morning market.

We have applied for grants from Celebrate Ontario, The Ontario Arts Council and Canadian Heritage grant to defray costs for performers. We are currently seeking private sector sponsorship.

Canada Day

We orchestrated the Canada Day Parade as with previous years.

Small and Medium Enterprise (SME) Support

The RRFDC continues to support small and medium sized businesses in the District. A report of those activities is outlined in our annual report which can be found at www.rrfdc.on.ca. This support includes one on one counselling and a loans fund to help exsisting and start up ventures.

Telecommunications

Fibre optics were installed in the fall of 2017 throughout the community. Tbaytel will build a permanent staffed office in the Fort Frances industrial park. This space will also allow them to install an additional tower.



The RRFDC continues to work with the Federal Government and Telco's to improve service throughout the District by applying for grants and providing dollars to subsidize capital investments.

Natural Products Commercialization Investigation

The RRFDC has received a grant to prepare a report of plants indigenous to the local forests that could have a commercial growing opportunity. We have some partnership interest in commercial growing and product development if we can define a suitable plant for field tests.

Cultural Awareness Workshop

We hosted a cultural awareness workshop in November of 2017. The workshop was open to all community members and marketed to businsses in Fort Frances. It provided an insight into Canadian historical agreements with Indigineous populations from an Indigineous perspective.

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Canada 150 PIN

Canada 150 pins specific to Fort Frances were ordered and we have worked to encourage volunteer groups and individuals to nominate community members for awards. Pins were awarded to 500 volunteers in various groups starting in the fall of 2017.

Project Petunia

We initiated the Project Petunia package again for Spring 2017. Sponsorship is available for \$50 a basket. All baskets were sold last year and we are hoping to achieve that same goal this year.



Go Local



Go Local is off to a strong 2018. The program has a maintained merchant member base of 30 businesses, and over 4500 cardholders throughout the Rainy River District.

Stats

Total Points Issued to Date	3,010,024
Value of Points Redeemed to Date	\$176,609 (\$68,925 outstanding)
Gift Cards in the community	\$15,375 as yet unspent
Card usage in past 3 months	52%

Points issuance trends

September 2016 vs. September 2017	
30,348	50,028

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This means that 25% of household in Fort Frances have an unspent \$25 gift card to spend in 2018 and usage continues to exceed every other national/international points program.

The Premium Members Club

The Premium Members Club is a new way to reward Go Local's most active and loyal members.

In November 2017, we introduced the Premium Members Club with a seasonal shopping challenge. Members were encouraged to use their Go Local card 12 times between November 1 and December 31, 2017. If they reached 12 usages they were rewarded with a bonus \$25 gift card and added to the Premium Members Club. This promotion was very successful and saw a spike of 794 more Go Local card transactions over those two months versus 2016.

Total transactions November – December 2016	4,787
Total transactions November – December 2017	5,581

In 2018, Go Local members can join the Premium Members Club by using their card 40 times or more throughout the calendar year. Premium Members will be rewarded with a free \$25 gift card at the end of the year.

Agriculture

Land Clearing and Tile Drainage

The RRFDC has facilitated the following tile drainage and land clearing projects with area producers and the NOHFC. These projects represent significant financial investments by the producers and the NOHFC.

- ▣ Land Clearing #1 - \$1,800,000 (100% Complete)
- ▣ Land Clearing #2 - \$1,700,000 (Approved in October)
- ▣ Tile Drainage #1 - \$2,000,000 (Completed)
- ▣ Tile Drainage #2 - \$2,000,000 (Completed)
- ▣ Tile Drainage #3 - \$2,000,000 (Completed)
- ▣ Tile Drainage #4 - \$2,000,000 (At NOHFC for summer 2018)

Land Clearing

The land clearing projects are a direct benefit to the District as all producer and NOHFC investment dollars will go to local contractors who undertake the land clearing. These contractors hire employees, maintain and purchase much of their equipment locally.

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Tile Drainage

Once all the tile projects have been completed the District will have approximately 8,000 acres of tilled cropland. The projects have significantly diversified the area's agricultural economy through the growing of canola, soybeans, wheat and oats which has dramatically increased the economic benefits of the sector to Fort Frances and the District. The following is a sample of the increase in economic activity which did not exist in 2014.

Trucking:

The chart below indicates the number of loads of cash crops sent to these destination in 2017.

Thunder Bay	56 loads
Manitoba	6 loads
United States	21 loads

Capital Expenditure Examples

The list below is a sample of the types of investments being made in this sector. The companies have added:

- 2 – 73,000 bushel grain bins at a cost of \$500,000 plus concert pads at \$25,000.
- 5 – Fertilizer bins of 200 tons each for the different fertilizer blends at a cost of \$127,000
- 3 – hopper bins of 5,000 bushels each
- An auto fill system for the dryer purchased in 2016 at \$40,000
- An unloader at \$27,000
- A used combine at \$282,000 U.S.
- A Peterbilt tractor with B train grain trailers