

**ADDENDUM**

**REGULAR MEETING OF CITY COUNCIL**

**2007 11 13**

**4:30 P.M.**

**PART TWO – REGULAR AGENDA**

6. **REPORTS OF CITY DEPARTMENTS; BOARDS AND COMMITTEES**

6. (5) **LEGAL**

(a) **Legacy Quest Contract Status**

A report of the Assistant City Solicitor is attached for the consideration of Council.

Mover - Councillor F. Fata

Seconder - Councillor S. Myers

Resolved that the report of the Assistant City Solicitor dated 2007 11 13 concerning Legacy Quest Contract Status be accepted and the recommendation that Council authorize:

1) the Legal Department to write to both Legacy Quest and the Economic Development Corporation and indicate the City has terminated the contractual relationships it has with them; and

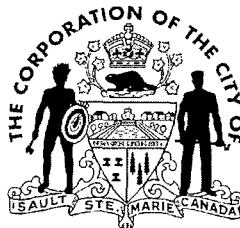
2) the Legal Department to write to Frank Mantello refusing the Offer of Purchase and Sale for the Gateway site and return the bank draft to him; and

3) that Council direct the Gateway Committee to convene a meeting for the purpose of discussing options for the possible development of the Gateway site; and

4) that Council direct staff to advise NOHFC of the City's termination of the contracts and confirm NOHFC's commitment to the funding should the City be able to continue with the development of the site be approved.

LORIE BOTTOS  
CITY SOLICITOR

NUALA KENNY  
ASSISTANT CITY SOLICITOR



**LEGAL  
DEPARTMENT**

P.2.1.

REPORT TO: Mayor John Rowswell  
and Members of Council

REPORT FROM: Nuala Kenny  
Assistant City Solicitor

DATE: 2007 11 13

SUBJECT: Legacy Quest Contract Status

On November 3<sup>rd</sup>, 2005 the City entered into an agreement with the Economic Development Corporation and Legacy Quest. The agreement contains a termination clause which indicates that the contract terminates on the earlier of the written agreement of all the parties, the execution of the NOHFC loan agreements and two years from the date the agreement was executed.

Legacy Quest has breached its obligations under this contract and accordingly it is recommended that we exercise our option and terminate this contract with Legacy Quest and the Economic Development Corporation.

On June 12<sup>th</sup>, 2006 the City entered into a loan agreement with the Economic Development Corporation. This is part of a series of agreements that allows for the NOHFC funding to flow through the City to the EDC and to the proponent Legacy Quest. To date a number of material breaches to obligations have been made concerning this contract. The City in no way suggests that these breaches were deliberate on the part of the EDC. Nevertheless it is recommended that the City exercise its option and terminate its contractual relationship with the EDC due to these breaches.

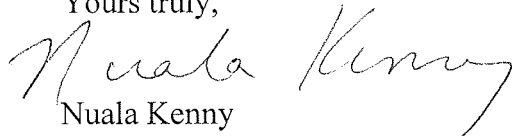
On November 2<sup>nd</sup>, 2007 the City received an Offer of Purchase and Sale for the Gateway site. The Offer was prepared by Frank Mantello on behalf of Legacy Quest. The Offer also contained a bank draft in the amount of \$100.00 by way of deposit. The Offer contains a series of conditions on the purchase. The real estate deal is part of the greater development of the site. It cannot be presented as an independent sale of land. Accordingly, it is recommended that the Offer be refused and the bank draft be returned.

**RECOMMENDATION**

It is recommended that City Council authorize:

1. the Legal Department to write to both Legacy Quest and the EDC and indicate the City has terminated the contractual relationships it has with them;
2. the Legal Department to write to Frank Mantello refusing the Offer of Purchase and Sale for the Gateway site and return the bank draft to him;
3. that Council direct the Gateway committee to convene a meeting for the purpose of discussing options for the possible development of the Gateway site; and
4. that Council direct the staff to advise NOHFC of the City's termination of the contracts and confirm NOHFC's commitment to the funding should the City be able to continue with the development of the site.

Yours truly,



Nuala Kenny  
Assistant City Solicitor  
NK:bb

Recommended by



Lorie A. Bottos  
City Solicitor