



## **Finance, Administration and Operations Committee**

Tuesday, August 21, 2018, 4:30 pm  
City Hall, Council Chambers

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**Committee Members**

Councillor J. Fullarton,  
Chair  
Councillor T. Blanchard  
Councillor P. Deery  
Councillor J. Earle  
Mayor D. Henderson,  
Ex-Officio

**Areas of Responsibility:**

Clerk's Office	CRCA
Environmental Services	Cemetery
Finance Department	Health Unit
Fire Department	Joint Services
Human Resources Dept.	Committee
Operations Department	PLMG
Airport Commission	Police Services Board
Arena Advisory Board	Safe Communities
Brockville Municipal	Coalition
Accessibility Advisory	St. Lawrence Lodge
Committee (BMAAC)	Management Board
	Volunteer Awards

All legal matters  
[excepting the purchase  
and sale of land]

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## **AGENDA**

### **Disclosure of Interest**

### **Delegations and Presentations**

Nil.

### **Correspondence & Communications**

Nil.

### **Reports from Boards and Committees**

Nil.

### **Staff Reports**

- 5 - 35      1.      2018-087-08  
                 Brownfields Redevelopment Funding Agreement  
                 Marguerita Residence Corporation, 11 James Street, Brockville  
                 Owner: Marguerita Residence Corporation  
                 Agent: B. Hynes, Development Manager

Finance, Administration and Operations Committee  
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*THAT Council authorize the Mayor and Clerk to execute a Blended Brownfields Redevelopment Funding Agreement between the City of Brockville and Marguerita Residence Corporation; and*

*THAT staff are hereby authorized to prepare all By-laws and documentation necessary to effect the implementation of the subject Blended Brownfields Redevelopment Funding Agreement; and*

*THAT the terms and conditions of the aforementioned Agreement are addressed in Schedule "A" to Report 2018-087-08.*

- 36 - 39      2. 2018-092-08  
Community Development Corporation  
Funding Agreement - BAC Marquee

*THAT the Mayor and the Clerk be authorized to execute all documentation in connection with the Community Development Corporation funding agreement on behalf of the Corporation of the City of Brockville.*

- 40 - 41      3. 2018-088-08  
Purchase of Sport Utility Vehicle  
for Police Services Q2018-06

*THAT Council authorize the purchase of a 2018 Ford Edge, Sport Utility Vehicle, from Riverside Ford Sales Limited, Brockville, Ontario in the amount of thirty-five thousand eight hundred eighty-eight dollars and eighty cents (\$35,888.80) including HST; and*

*THAT the necessary funds be expensed from the Fleet Capital Account 07-892002-2010.*

- 42 - 43      4. 2018-089-08  
Airport Hangar Lease Extension

*THAT Council endorse the extension of the lease of a City owned hangar located at the Brockville 1000 Islands Regional Tackaberry Airport by 2020613 Ontario Limited (Heritage Kitchens) for the three year period completing on December 31, 2021, with the*

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*2019 lease rate being \$12,736.36 plus HST (a 1.5% increase from 2018), and a 1.5% annual increase for the following two years.*

- 44 - 48      5.    2018-090-08  
Options for Issuing Long-term Debt

*THAT Council approve the issuance of long-term debt instruments (debentures) through the Ontario Infrastructure and Loan Corporation Act, 2011 (OILC).*

- 49 - 51      6.    2018-093-08  
2018 Debenture Issue

*THAT staff be authorized to submit an application to the Infrastructure Ontario loan program through the auspices of the Ontario Infrastructure and Lands Corporation Act, 2011 (OILC) for various projects; and*

*THAT Council authorize the Mayor and Director of Corporate Services to enter into agreements with OILC to provide such financing for the projects that are approved for loans under the lending program guidelines.*

*THAT in the event that some projects do not qualify, staff be directed to bring back a report to Council detailing alternate means of financing those projects.*

- 52 - 54      7.    2018-091-08  
Brockville General Hospital  
Debenture Options

*THAT staff be authorized to submit an application to the Infrastructure Ontario Loan Program through the auspices of the Ontario Infrastructure and Lands Corporations Act, 2011 (OILC) for Brockville General Hospital funding; and*

*THAT Council authorize the Mayor and Director of Corporate Services to enter into agreements with OILC.*

**New Business - Reports from Members of Council**  
Nil.

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**FAO - Consent Agenda**

**Media Question Period**

**Adjournment**

*THAT the Finance, Administration and Operations Committee adjourn its meeting until the next regular meeting scheduled for September 18, 2018.*

30 JULY 2018

REPORT TO THE FINANCE ADMINISTRATION & OPERATIONS COMMITTEE –  
07 AUGUST 2018

2018-087-08

BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT

MARGUERITA RESIDENCE CORP'N  
11 JAMES STREET, BROCKVILLE  
OWNER: MARGUERITA RESIDENCE CORP'N  
AGENT: B. HYNES, DEVELOPMENT MANAGER  
FILE TIERR/BROWNFIELDS 01/16

M. PASCOE MERKLEY  
CITY MANAGER (ACTING)  
D. DICK  
DIR. OF PLANNING (Acting)  
J. FAURSCHOU  
PLANNER I  
R. NADEEM  
FINANCIAL ANALYST

**RECOMMENDATION**

THAT Council authorize the Mayor and Clerk to execute a Blended Brownfields Redevelopment Funding Agreement between the City of Brockville and Marguerita Residence Corporation; and

THAT staff are hereby authorized to prepare all necessary By-Laws and documentation necessary to effect the implementation of the subject Blended Brownfields Redevelopment Funding Agreement; and

THAT the terms and conditions of the aforementioned Agreement are addressed in Schedule "A" to Report 2018-087-08.

**PURPOSE**

The purpose of this report is to have Council consider the approval of a Blended Brownfields Redevelopment Funding Agreement between the City of Brockville and Marguerita Residence Corporation.

**BACKGROUND**

The Brownfields CIP creates incentives for the identification and redevelopment of environmentally contaminated sites. The applicable programs contained within the Brownfields CIP include:

Program 1: City of Brockville Brownfields Remediation – Tax Increment Equivalent Grant Program (TIEG).

Report 2018-087-08

Brownfields Redevelopment Funding Agreement

Marguerita Residence Corporation

File TIERR/Brownfields 01/16

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Program 2: City of Brockville Environmental Remediation Tax Cancellation Assistance Program (BFTIP)

Program 3: City of Brockville Environmental Site Assessment (ESA) Grant Program

Program 4: City of Brockville Brownfields Building Permit Fees Grant Program

The Downtown CIP creates incentives that will promote and achieve improvements and enhancements in the downtown area of the City. The applicable program contained within the Downtown CIP is as follows:

Program 1: Tax Incentive Equivalent for Rehabilitation and Development Grant Program (TIERR)

The desired effect of these incentive programs has been evidenced by the interest shown by the development community.

To receive Program Assistance through the blended CIPs, an Owner is required to execute a TIERR/Brownfields Redevelopment Funding Agreement.

The Agreement follows the policy guidelines outlined in the Brownfields Community Improvement Plan, as amended, and the Downtown Community Improvement Plan, as amended.

The terms and conditions of the subject Agreement are shown in **Schedule "A"**, attached hereto, which follows the policy guidelines outlined in the Brownfields Community Improvement Plan and amendments to the Downtown Community Improvement Plan.

## **FINANCIAL CONSIDERATIONS**

Program Assistance under the Brownfields Community Improvement Program can be up to \$500,000 based on the estimated remediation costs and approximately \$480,000 under the CIP-TIERR Program based on the projected increase in municipal taxes. Final Program Assistance will be based upon the assessment change as a result of the project and the Actual Rehabilitation costs verified through peer review.

CIP-TIERR benefits are realized through fore-gone revenue for a period of 5 years from completion and re-assessment of the value of the project.

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Brownfields Redevelopment Funding Agreement

Marguerita Residence Corporation

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On 22 November 2016, Council endorsed By-Law 090-2016, being a By-Law to authorize the cancellation of Municipal and Education Taxes for 11 James Street West, City of Brockville (Marguerita Residence Corporation). By-law 090-2016 was subsequently submitted for consideration to the Ontario Ministry of Finance.

## CONCLUSION

The execution of a Brownfields Redevelopment Funding Agreement with the Marguerita Residence Corporation will afford the necessary incentive to facilitate redevelopment of a Brownfields site and leverage a \$14,029,740 million investment in Downtown Brockville which in turn will produce approximately an \$110,000 increase in annual property taxes.

D. Dick, CPA, CA  
Director of Corporate Services and  
Director of Planning (Acting)

J. Faurschou, MCIP, RPP  
Planner I

M. Maureen Pascoe Merkley  
City Manager (Acting)

*Interim*

R. Nadeem  
Financial Analyst/Internal Auditor

**SCHEDULE "A" TO REPORT 2018-087-08**

21 February 2018



**BROCKVILLE**  
**CITY OF THE 1000 ISLANDS**

**BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT**

**MARGUERITA RESIDENCE CORPORATION  
11 JAMES STREET WEST, BROCKVILLE**

**Application No. TIERR/BRNFLD 01/16**

THIS BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT is made at the City of Brockville this \_\_\_\_ day of \_\_\_\_\_, 2018.

**BETWEEN:**

**THE CITY OF BROCKVILLE**  
(hereinafter referred to as the "City")

And

**MARGUERITA RESIDENCE CORPORATION**  
(hereinafter referred to as the "\_\_\_\_\_ Owner")

**RECITALS:**

WHEREAS the City of Brockville has adopted a Brownfields Community Improvement Plan (hereinafter referred to as "CIP Brownfields") pursuant to the Community Improvement provisions of the Planning Act;

\_\_\_\_\_  
City (initial)

\_\_\_\_\_  
Owner/Applicant (initial)

**AND WHEREAS** the City of Brockville has adopted a Downtown Community Improvement Plan (hereinafter referred to as "CIP Downtown") pursuant to the Community Improvement provisions of the Planning Act;

**AND WHEREAS** the Owner is the registered Owner of land located within both the Brownfields Redevelopment Priority Area "1" and the Downtown Community Improvement Project Area, which land is described in **Schedule "A"** of this Agreement (hereinafter referred to as the "Lands");

**AND WHEREAS** the City of Brockville has adopted policies requiring the integration of the CIP Brownfields and CIP Downtown as outlined in Sections 3.2 and 7.2.2 of the Brownfields Community Improvement Plan;

**AND WHEREAS** for purposes of this Agreement these integrated Community Improvement Plans will be referred to as the Blended CIP's;

**AND WHEREAS** on 30 August 2016, an application was registered with the City for Program Assistance as provided for in the Blended CIP's, and work was performed and costs incurred in remediation of the property known as 11 James Street West in the City of Brockville;

**AND WHEREAS** the land as described in **Schedule "A"** of this Agreement is owned at the time of execution of this Agreement for Program Assistance by **Marguerita Residence Corporation**.

**AND WHEREAS** as a condition of approval for Program Assistance under the Blended CIP's, the Owner is required by the City to enter into this Agreement;

**NOW THEREFORE THIS AGREEMENT WITNESSETH THAT**, in consideration of:

- (i) the premises, covenants and Agreements herein contained and to be observed, fulfilled and performed pursuant to this Agreement; and
- (ii) the Owners' application for Program Assistance to the City, subject to and in accordance with the terms and conditions hereinafter recorded in this Agreement;

the sufficiency of which is hereby acknowledged, the parties do hereby covenant and agree as follows:

**DEFINITIONS:**

1. In this Agreement the following terms shall have the following meanings:
  - 1.1. "**ACTUAL REHABILITATION COSTS**" means the actual costs to rehabilitate and develop the Lands, proven by the Owner to have been expended, and which are eligible for Program Assistance which for the purpose of this Agreement shall

\_\_\_\_\_  
City (initial)

\_\_\_\_\_  
Owner/Applicant (initial)

- include the costs incurred by the Owner since the Owner's filing of the Brownfields-Notice of Intent;
- 1.2. "BASE TAX - MUNICIPAL" means the municipal portion of the tax bill immediately prior to the commencement of the Remediation Work;
- 1.3. "BASE TAX – EDUCATION" means the education portion of the tax bill immediately prior to the commencement of the Remediation Work;
- 1.4. "BASE ASSESSMENT" will be the current value assessment as provided by the Municipal Property Assessment Corporation, hereinafter referred to as MPAC, in conjunction with the City at the date of the original application or the date of application for Building Permit, whichever comes first.
- 1.5. "BROWNFIELDS ASSISTANCE" means all of the following programs, or any combination thereof, as authorized by the CIP Brownfields or the CIP Downtown: ESA Study Grant, Building Permit Fees Grant, the Brownfields Remediation Tax-Increment Equivalent Grant, and Environmental Remediation Tax Cancellation Grant;
- 1.6. "BROWNFIELDS FINANCIAL TAX INCENTIVE PROGRAM (BFTIP)" means a financing tool established under the authority of section 365.1 of the *Municipal Act, 2001* that allows municipalities to provide municipal property tax assistance to landowners as an incentive for environmental remediation. The Minister of Finance can also approve matching education property tax assistance for eligible properties under this program;
- 1.7. "BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT" means a document executed following completion of the Registration of Intent as defined herein. Said Brownfields Redevelopment Funding Agreement shall be between the City and the Owner under the terms and conditions of the Brownfields Community Improvement Plan Program and shall contain obligations, rights and terms of both parties;
- 1.8. "BROWNFIELDS REHABILITATION ELIGIBLE COSTS" means only the types of costs listed in **Schedule "C"** for which the Owner may be entitled to Brownfields Assistance from the City pursuant to this Agreement;
- 1.9. "BROWNFIELDS REMEDIAL ACTION PLAN" means Remediation Work and any Risk Management Plan developed for the Lands.
- 1.10. "BUILDING" means
- (a) a structure occupying an area greater than ten (10) square meters consisting of a wall, roof and floor or any of them in a structural system serving the function thereof including all plumbing, work, fixtures and service systems appurtenant thereto, or

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City (initial)

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Owner/Applicant (initial)

**BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT****MARGUERITA RESIDENCE CORPORATION, 11 JAMES STREET WEST, BROCKVILLE****TIERR/BRNFLD 01/16**

- (b) a structure occupying an area of ten square metres or less that contains plumbing, including the plumbing appurtenant thereto, or
- (c) plumbing not located in a structure, or
- (d) structures designated in the building code.
- 1.11. "BUILDING PERMIT" means a permit issued by the chief building official to allow the construction, renovation, rehabilitation, redevelopment or demolition of a building.
- 1.12. "CERTIFIED COSTS" means those costs which have been claimed through submission of appropriate documentation and which have been confirmed as being eligible by the city;
- 1.13. "CHIEF PLANNING OFFICER" means the person appointed by By-law to administer planning related matters.
- 1.14. "CIP BROWNFIELDS" means the Brownfields Community Improvement Plan of the City of Brockville, approved by City Council and adopted by By-Law No. 050-2007;
- 1.15. "CIP DOWNTOWN" means the Community Improvement Plan for Downtown Brockville approved by City Council and adopted by By-Law No. 052-2007;
- 1.16. "CITY" means the Corporation of the City of Brockville;
- 1.17. "CONSTRUCT" means to do anything in the erection, installation, extension or material alteration or repair of a building and includes the installation of a building unit fabricated or moved from elsewhere and "construction" has a corresponding meaning.
- 1.18. "DOWNTOWN REHABILITATION ELIGIBLE COSTS" means eligible costs under CIP Downtown including costs related to development, redevelopment, construction and reconstruction on lands and buildings and exclude all types of Brownfields Rehabilitation Eligible Costs;
- 1.19. "DEMOLISH" means to do anything in the removal of a building or any material part thereof and "demolition" has a corresponding meaning.
- 1.20. "ELIGIBLE COSTS" under the Brownfield Redevelopment Funding Program are identified under Section 5.0 of the City of Brockville Brownfields Community Improvement Plan. (A copy of the Section 5.0 of the City of Brockville Brownfields Community Improvement Plan is available upon request.)

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City (initial)

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Owner/Applicant (initial)

BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT  
MARGUERITA RESIDENCE CORPORATION, 11 JAMES STREET WEST, BROCKVILLE  
TIERR/BRNFLD 01/16

- 1.21. "INTERIM FINANCING" means the temporary financing during the period the property is under construction for Remediation Work and Work;
- 1.22. "LAND" means the properties known municipally as **11 James Street West**, Brockville, and as more particularly described in **Schedule "A"** to this Agreement or the same or such portion thereof as may be configured and result from the declaration of a condominium or condominium corporations in respect thereof;
- 1.23. "MUNICIPAL REALTY TAX" means the levy on real property within the City of Brockville, as calculated by the assessment as provided by MPAC times the tax rate, subject to capping and threshold provisions as approved by Brockville City Council;
- 1.24. "OWNER" means **Marguerita Residence Corporation** and includes any successors assigns, agents, partners and any affiliated corporation. For greater certainty, for the purposes of this Agreement and the entitlement to receive the benefits hereunder, Owner does not include a transferee of the Land or any part thereof including a Subsequent Owner unless the Owner, by specific assignment agreement, has assigned the Owner's rights and benefits under this Agreement;
- 1.25. "PROGRAM ASSISTANCE" means financial assistance from any or all of the programs contained in and provided for by blended CIPs;
- 1.26. "PROGRAM ASSISTANCE TERM" means a maximum period of ten (10) years from completion and issuance of final inspection and a new Municipal Property Assessment Corporation (MPAC) assessment reflecting the value of the said dwelling unit, computed from the date the MPAC assessment becomes effective;
- 1.27. "REGISTRATION OF INTENT" means a document completed by the applicant expressing intent to participate in the Brownfields Redevelopment Funding Program within the prescribed period of the Plan, as amended;
- 1.28. "RECORD OF SITE CONDITION" means a Record of Site Condition (RSC) as defined in Ontario Regulation 153/04;
- 1.29. "REMEDIATION WORK" means the collective work necessary to permit development of the Land or portions thereof and to reduce or eliminate the level of contamination on, in or under the Lands (including surface and ground water) relating to the Land or portions thereof being developed;
- 1.30. "RISK ASSESSMENT" means site investigation and other actions undertaken by a qualified person for risk assessment in accordance with the Ministry of the Environment ("MOE") guideline entitled "Procedures for the use of Risk Assessment under Part XV.1 of the Environmental Protection Act";

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City (Initial)

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Owner/Applicant (Initial)

## BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT

MARGUERITA RESIDENCE CORPORATION, 11 JAMES STREET WEST, BROCKVILLE

TIERR/BRNFLD 01/16

- 1.31. "RISK MANAGEMENT PLAN" – refers to measures to manage or limit the movement of contaminant(s) or limit the potential for receptors to be exposed to contaminants, as more fully described in section 7.8 of MoE guideline entitled "*Records of Site Condition – A Guide on Site Assessment, the Clean-up of Brownfield Sites and the Filing of Records of Site Conditions*",
- 1.32. "SITE PLAN CONTROL AGREEMENT" means an agreement between the Owner and the City to ensure that development of the land proceeds in accordance with the plans and drawings approved by the City under Section 41(4) of the Planning Act:
- 1.33. "SUBSEQUENT OWNER" means a registered owner of the development who has acquired title thereto from either the Owner or a Subsequent Owner;
- 1.35. "TAX ASSISTANCE" means the reimbursement or cancellation of Tax Increments – Municipal levied on the Land, and may also include the deferral and cancellation of the Tax Increments – Education portion of property taxes levied on the Land pursuant to Section 365.1 of the Municipal Act.
- 1.34. "TAX INCREMENT – EDUCATION" means the increase in the education property taxes realized on the Land, or such portion thereof, from the increased assessment, as determined by MPAC, which resulted from the rehabilitation and/or redevelopment of the Land, or such portion thereof, as the case may be.

The Tax Increment – Education shall be calculated as the difference between the Base Tax – Education and the Tax Liability – Education on the increased assessment, as determined by MPAC, which resulted from the rehabilitation and/or redevelopment of the Land, or such portion thereof, during each respective year of the Program Assistance Term.

The increment will be calculated as being net of any rebates on education property tax resulting from any source whatsoever. This shall include rebates applicable to those portions of a property which are vacant as well as any other applicable rebate such as, but not solely limited to, occupancy of space by charitable and other not-for-profit organizations;

The Tax Increment – Education portion of the Program Assistance shall be subject to receipt of approval from the Ministry of Finance. The Municipality shall not be liable for the Education portion of Tax Assistance Program if the application is not approved by the Ministry of Finance;

- 1.35. "TAX INCREMENT – MUNICIPAL" means the increase in the municipal property taxes realized on the Land, or such portion thereof, from the increased assessment, as determined by MPAC, which resulted from the rehabilitation and/or redevelopment of the Land, or such portion thereof, as the case may be.

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City (initial)

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Owner/Applicant (initial)

The Tax Increment – Municipal shall be calculated as the difference between the Base Tax – Municipal and the Tax Liability – Municipal on the increased assessment, as determined by MPAC, which resulted from the rehabilitation and/or redevelopment of the Land, or such portion thereof, during each respective year of the Program Assistance Term.

The increment will be calculated as being net of any rebates on municipal property tax resulting from any source whatsoever. This shall include rebates applicable to those portions of a property which are vacant as well as any other applicable rebate such as, but not solely limited to, occupancy of space by charitable and other not-for-profit organizations;

- 1.36. "TAX LIABILITY - EDUCATION" means the education portion of the annual real property taxes as levied by the City of Brockville as required by the Province of Ontario. The education rates are set by the Ministry of Finance;
- 1.37. "TAX LIABILITY – MUNICIPAL" means the municipal portion of the annual real property taxes as levied by the City of Brockville;
- 1.38. "TAX LIABILITIES" means all real property taxes as levied by the City of Brockville
  - (a) on their own behalf (municipal);
  - (b) as required by the Province of Ontario (education);
  - (c) any other applicable levies; and
  - (d) any other transfers that may be assigned to the tax roll as permitted by the Municipal Act;
- 1.39. "WORK" means the collective Work necessary to improve the Land and/or building that would result in an increased property assessment.
- 1.40. "ZONING BY-LAW" means a municipal by-law passed by Council for the Corporation of the City of Brockville to control the use and development of land in the City. It outlines the legal requirements a landowner or authorized agent must meet to develop or do construction on all of, or a portion of, its property.

## **COMMENCEMENT AND TERMINATION**

2. The parties agree as follows:
  - 2.1. This Agreement shall commence on the date it is executed by the Parties, and is subject to all conditions, approvals, and obligations contained herein.

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City (initial)

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Owner/Applicant (initial)

BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT  
 MARGUERITA RESIDENCE CORPORATION, 11 JAMES STREET WEST, BROCKVILLE  
 TIERR/BRNFLD 01/16

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2.2. Termination of this Agreement will occur at the earlier of:

- (a) payment to the Owner of an amount equal to the maximum Program Assistance permissible under the Blended CIP's; or
- (b) the time frame for each applicable element of the program has expired or the maximum eligible costs have been recovered by the Owner; or
- (c) the date this Agreement is terminated by the City in the event of the Owner's default under **paragraph 33** and **paragraph 34** of this Agreement; or
- (d) the date that this Agreement is terminated by mutual agreement of the Parties.

**OWNER'S REPRESENTATIONS, ACKNOWLEDGEMENTS AND OBLIGATIONS:**

3. The Owner represents that:

3.1 it is the registered Owner of the Land;

3.2 if a corporation, then

- (a) it has been duly incorporated as a corporation and is in good standing under the Business Corporations Act and is in compliance with all laws that may affect it and will remain so throughout the term of this Agreement;
- (b) it has the corporate capacity to enter into this Agreement and to perform and meet any and all duties, liabilities and obligations as may be required of it under this Agreement;
- (c) the Land is contaminated and must be rehabilitated in order to permit redevelopment thereof; and
- (d) it has not, as of the date of this Agreement, applied for or received any other grants or assistance for Actual Rehabilitation Costs from any other government, agency or other funding source, including other City programs not described or referred to in this Agreement.

4. The Owner acknowledges that:

4.1. the onus and responsibility is on the Owner at all times to assume all costs of rehabilitation and/or development of the Lands and to apply for and obtain, at the

City (initial)

Owner/Applicant (initial)

Owner's expense all approvals required from the City and all other agencies having jurisdiction for the rehabilitation and/or development of the Lands;

- 4.2. nothing in this Agreement limits or fetters the City in exercising its statutory jurisdiction under the Planning Act, R.S.O 1990, c.P. 13, or under any other legislative authority or by-law;
  - 4.3. nothing in this Agreement is intended to impose or shall impose upon the City any duty or obligation to inspect or examine the Land for compliance or noncompliance or to provide an opinion respecting any condition of rehabilitation; and
  - 4.4. nothing in this Agreement is intended to be or shall be construed to be a representation by the City regarding compliance of the Land with applicable law, regulations, policies, standards, permits or approvals, or other by-laws and policies of the City.
  - 4.5. nothing in this Agreement imposes a liability on the City for the environmental condition of the site, or its potential environmental impacts on adjacent and neighbouring properties, now or at any time in the future, or in the event of default, places a requirements on the City to remediate the site.
  - 4.6. it will provide a statement, including supporting rationale, from a qualified professional to the effect that a Record of Site Condition (RSC) which demonstrates that the approved use of the Land pursuant to MOE requirements is appropriate (See Clause 1.28) in respect of the Owner's development of the Land, is not required.
  - 4.7. **Schedule "D"** represents the projected Brownfields Remedial Action Plan for the subject Land. The parties agree that should **Schedule "D"** need to be altered, the City will not unreasonably withhold its approval of the necessary alterations.
5. If any grants or other assistance for Brownfields Rehabilitation Eligible Costs are applied for, and/or received from, any third party, the Owner shall immediately disclose same to the City. In the event of such additional funding, the City will reduce the eligible costs by an amount equivalent to the amount received by the Owner from such disclosed third party assistance.
  6. The provisions of **Clause 5** herein shall remain in effect for the duration of this Agreement to include any funding of Eligible Costs which may be approved and received from another source during the term of the Agreement.
  7. The Owner agrees that the Work, including improvements made to buildings and/or land, shall be made in compliance with all required Building Permits, and constructed in accordance with the Ontario Building Code Act, S.O. 1991, C.23, as amended, and all applicable zoning by-law requirements, municipal requirements and other approvals required at law, including without limitation, any Subdivision Agreement(s),

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City (initial)

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Owner/Applicant (initial)

BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT  
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Condominium Agreement(s) and/or Site Plan Control Agreement(s) entered into with the City.

- 8.a) The Owner hereby confirms it shall obtain all necessary permits through the Cataraqui Region Conservation Authority (CRCA) and has duly executed a Registration of Intent to Utilize Programs, and commenced Background Remediation Work upon the Land.
- 8.b) The Owner hereby confirms its intention to complete the Remediation Work upon the land contemplated by the Development Schedule referred to in **Clause 35** of this Agreement.
9. The Owner shall provide the City with documentation satisfactory to the City as to the amount of the Actual Rehabilitation Costs incurred by the Owner.
10. The Owner grants to the City and its agents a license to enter the Lands at any reasonable time for the purpose of conducting an inspection of all work being executed and to confirm that the Owner is in compliance with the terms of this Agreement provided that the City representative complies with all necessary Health and Safety requirements.
11. The Owner will provide to the City a report or reports throughout the term of this Agreement of the status of the Work, including, but not limited to:
  - 11.1. the existing environmental contamination found to be present on the Land;
  - 11.2. the status of the Brownfields Remedial Action Plan;
  - 11.3. to the extent that the project is eligible for BFTIP, the Owner will confirm that it is the Owner of the property entitled to receive the benefit of the BFTIP program;
  - 11.4. the amount owing to any contractor for unpaid sums relating to the Work, or any part thereof, undertaken by such contractor upon the Land;
  - 11.5. the amount of holdbacks currently retained by the Owner under any contract with contractors who have undertaken the Work or any part thereof;
  - 11.6. the status of any actions required under a Risk Management Plan developed as a result of a Risk Assessment which has been conducted by the Owner and accepted by the MOE;
  - 11.7. each annual report shall be provided within ten (10) days of the anniversary of the commencement of Work;
  - 11.8. an annual statement of financing costs associated with Work on the Lands, undertaken during the previous twelve (12) month period;

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City (initial)

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Owner/Applicant (initial)

- 11.9. the amount of legal and consultant costs incurred in respect to Remediation Work and filing of materials with the MoE; and
- 11.10. documentation establishing Actual Remediation Costs incurred at a minimum of six (6) month intervals, specified as June 30, and December 31 of each year. This documentation will be subject to review and verification by the City.
12. As a condition of commencement of a Program Assistance Term, the Owner shall upon the request of the City, provide the City with a statutory declaration confirming that no construction liens or other claims have been and remain registered against title to the Land in respect to contracted work to remediate and develop the Lands. To the extent liens are registered, the Owner shall be permitted to remove same by posting of the appropriate security pursuant to the Construction Lien Act.
13. The Owner shall ensure that during its ownership of the Land, the Land shall be maintained in its remediated condition and is not further contaminated during the term of the Agreement.
14. As a pre-condition to providing any Program Assistance, and without which this Agreement shall be of no force, the Owner shall provide a statutory declaration by a director or officer of the Owner certifying to the City that:
  - 14.1. the Owner named in this Agreement is or was the registered Owner in fee simple of the Land when the Actual Rehabilitation Costs were incurred and was in ownership, possession and control of the Land and that mortgagees have not taken possession of the lands or taken steps to take over the Lands;
  - 14.2. the Owner is in compliance with the terms of this Agreement;
  - 14.3. if the Owner is a corporation, then
    - (a) the Owner is a corporation in good standing;
    - (b) the Owner has properly authorized this Agreement and passed all required resolutions and by-laws for that purpose.
15. The Owner shall register this Agreement on title to the Land, not less than thirty (30) days from approval and execution of this Agreement by all parties.
16. The Owner covenants to the City that where the ownership of part or all of the Land ceases for any reason to be in the Owner's name, by virtue of sale, assignment or otherwise, prior to the advance of all of the Program Assistance, the Owner will immediately notify the City, in writing, of said change.
17. The Owner acknowledges and agrees that the City is required to provide Program Assistance only to the "registered Owner" or "assessed Owner" of the Land in accordance with the provisions of section 28(7) of the Planning Act, as disclosed on title

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City (initial)

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Owner/Applicant (initial)

and to any person to whom such Owner has assigned the right to receive a grant to pay for the whole or any part of the cost of rehabilitating land and buildings in conformity with a community improvement plan.

The City acknowledges, confirms and agrees that the Owner shall be entitled to all rights and benefits arising under this Agreement including the right to receive all Program Assistance notwithstanding the sale of the Lands or any part thereof to a Subsequent Owner provided the Subsequent Owner has released to the Owner any and all right, title or interest which such Subsequent Owner may have to the Program Assistance as said right may arise under section 28 of the Planning Act or otherwise by reason only of such Subsequent Owner having acquired title to the Lands or part thereof. (See **Schedule "E"**).

The City further agrees that an executed acknowledgement by any such Subsequent Owner or a statement or acknowledgement contained in any agreement of purchase and sale made between the Owner and any such Subsequent Owner or an acknowledgement or covenant registered on title to the Land stating that the acquisition of title to the property being acquired by the registration of the transfer in the transferee's name shall constitute the transferee's deemed assignment of the rights to the Program Assistance arising under this Agreement or any similar evidence of assignment or deemed assignment shall be sufficient for the purposes of confirming the release and assignment of any rights which any such Subsequent Owner may have to any Program Assistance by reason only of such Subsequent Owner having acquired title to the Land or a part thereof. Where the Owner ceases to own the Land for any reason and intends to assign the Program Assistance arising under this Agreement, the Owner shall be responsible to ensure for the proper assignment of said Program Assistance.

#### **18. CITY'S REPRESENTATIONS/ACKNOWLEDGEMENTS:**

The City makes no representations as to the environmental condition of the Land or the fitness of the Land for the proposed use.

#### **19. CITY'S OBLIGATIONS AND RIGHTS:**

- 19.1. The City, in accordance with the Planning Act and the Blended CIP's, agrees to provide Program Assistance to the Owner for the purpose of reimbursing the Owner for Actual Rehabilitation Costs, provided that the Owner is in compliance with this Agreement, is eligible under the current requirements under the Planning Act for receipt of Program Assistance and subject to, and in accordance with, the terms and provisions set out in this Agreement for calculating and paying or cancellation in accordance with terms of this Agreement. The City cannot guarantee that the aggregate amount of funding available under this Agreement will be sufficient to pay for all of the Actual Rehabilitation Costs. The City cannot guarantee that a specific improvement will increase property assessment.

City (initial)

Owner/Applicant (initial)

- 19.2. This Agreement does not diminish in any way the City's right and obligation to collect property taxes promptly under relevant legislation from the Owner of the Land and from all subsequent Owners and transferees of the Land or any part thereof and all other fees and charges which may be applicable to the Land and for which the City is the responsible service provider.
- 19.3. For the purposes of administering this Agreement, the parties agree that:
  - (a) all Actual Rehabilitation Costs may only be classified as one of Brownfields Rehabilitation Eligible Costs or Downtown Rehabilitation Eligible Costs and if a type of Actual Rehabilitation Cost or a portion thereof qualifies and falls within the definition of either Brownfields Rehabilitation Eligible Costs or Downtown Rehabilitation Eligible Costs, it will be deemed to be solely covered by the provisions of **Schedule "C-1" and Schedule "C-2"** of this Agreement;
  - (b) upon receipt by the City of the documentation from the Owner relating to the Actual Rehabilitation Costs, the City and/or its consultant shall review the Owner's submissions and assess the eligibility of the costs in accordance with **subparagraph 19.3(a)** hereof. The City shall, within thirty (30) days of receipt of the Owner's submission, give written notice to the Owner wherein the City either accepts, rejects or requests additional information from the Owner. A request for additional information shall detail the type or nature of the information required by the City and a rejection of the submission shall provide reasons and details for the rejection. In the event of a request for additional information, the City shall have a further period of thirty (30) days following the receipt of the additional information to assess the additional submissions as aforesaid and provide the Owner with its written notice of acceptance, rejection or request for additional information;
  - (c) where there is a dispute in the determination of eligible costs, as determined in **subparagraph 19.3 (b)**, hereof, the Owner may apply, in writing, within fifteen (15) days of notification of rejection of eligible costs. The parties shall make all reasonable efforts to resolve the dispute by amicable negotiations and agree to provide, without prejudice, frank, candid and timely disclosure of relevant facts, information and documents to facilitate the negotiations. If the parties are unable to resolve the dispute, the matter shall be referred to the City Treasurer with appeal, if necessary, to Council for determination, whose decision is final.
- 19.4. The City may appoint a consultant to inspect the Lands and all Work conducted thereon by the Owner at a frequency to be determined by the City and provide the City with a report or reports as to the costs incurred which are eligible for Actual Rehabilitation Costs.

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City (initial)

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Owner/Applicant (initial)

BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT  
MARGUERITA RESIDENCE CORPORATION, 11 JAMES STREET WEST, BROCKVILLE  
TIERR/BRNFLD 01/16

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- 19.5. Program Assistance will commence after receipt by the City from the Owner of all required documentation as established elsewhere in this Agreement and only to the extent that Tax Liabilities – Municipal, Education and any other applicable levies are not in arrears.
- 19.6. In the event the Land is rehabilitated but construction of improvements thereon is not completed; the City shall not be obligated to pay the Tax-Increment Equivalent Grant or any portion thereof, notwithstanding that there may be an increase in assessed value of the Lands.
- 19.7. In the event there is an appeal of an assessment which results in reduction in Tax Liability – Education or Tax Liability - Municipal, the City shall be entitled to make an adjustment to any subsequent payment of the Program Assistance payable to the Owner. Furthermore, to the extent an appeal of an assessment resulting in reduction in Tax Liability – Education or Tax Liability – Municipal is made following the end of the term of this Agreement then the Owner shall be liable to repay to the City within forty five (45) days of the date of demand (supported by sufficient documentation to evidence the Owner's obligation to repay) an amount equal to the reduction of the Tax Liability resulting from such appeal.
- 19.8. Payments to the Owner, pursuant to this Agreement, shall be remitted within sixty (60) days after calendar year end taking into consideration:
  - (a) that all Tax Liabilities owing have been paid in full;
  - (b) that all monies directly associated with the subject Land, regardless of origin, owed to the City by the Owner are not in arrears;
  - (c) any rebates received by the Owner in regard to Municipal Realty Tax; and
  - (d) that total Program Assistance does not exceed total eligible costs.
21. Should the Owner obtain any reduction in regard to municipal realty tax, including an appeal, after the Owner has received its annual Program Assistance, the Owner shall be liable to repay to the City within forty-five (45) days, the amount equal to the reduction of the Tax Liability.
22. The parties agree that if there is a conflict between the CIP Brownfields and the CIP Downtown, the CIP Brownfields shall govern save and except as otherwise provided for in this Agreement. Furthermore, if there is a conflict between either the CIP Brownfields and/or CIP Downtown and the provisions of this Agreement, the provisions of this Agreement shall govern.

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City (initial)

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Owner/Applicant (initial)

## APPLICATION OF BROWNFIELD FUNDING PROGRAM

23. The City confirms that the Owner's project, as outlined in **Schedule "D-1"** and **Schedule "D-2"** is eligible without further application for the CIP Brownfields programs as more particularly detailed below. The protocols for Program Assistance are governed by the terms and provisions of this Agreement.

### **CIP BROWNFIELDS PROGRAMS:**

#### **PROGRAM 1: TAX-INCREMENT EQUIVALENT GRANT:**

24. The Provisions of Program 1–Brownfield – Tax Increment Equivalent Grant are set out in the CIP Brownfields and in this Agreement.
25. Pursuant to Section 28 of the *Planning Act* and referred to as Program 2 of the CIP Brownfields is subject to the detailed protocols as contained in the CIP Brownfields.

#### **PROGRAM 2: TEMPORARY TAX CANCELLATION ASSISTANCE PROGRAM**

26. The Provisions of Program 2–Temporary Tax Cancellation Assistance Program are set out in the CIP Brownfields and in this Agreement.
27. Pursuant to Section 28 of the *Planning Act* and referred to as Program 2 of the CIP Brownfields is subject to the detailed protocols as contained in the CIP Brownfields.

#### **PROGRAM 3: ENVIRONMENTAL SITE ASSESSMENT GRANT PROGRAM**

28. The Provisions of Program 3–Environmental Site Assessment (ESA) Grant Program are set out in the CIP Brownfields and in this Agreement.
29. Pursuant to Section 28 of the *Planning Act* and referred to as Program 3 of the CIP Brownfields is subject to the detailed protocols as contained in the CIP Brownfields.

#### **PROGRAM 4: BUILDING PERMIT FEE GRANT PROGRAM**

30. Properties located in the Brownfield Community Improvement Project Area but outside of the Brownfield Redevelopment Priority Area are not eligible for assistance under this program.
31. The Provisions of Program 4–Building And Plumbing Permit Fee Grant Program are set out in the CIP Brownfields and in this Agreement.
32. Pursuant to Section 28 of the *Planning Act* and referred to as Program 4 of the CIP Brownfields is subject to the detailed protocols as contained in the CIP Brownfields.

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City (initial)

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Owner/Applicant (initial)

**DEFAULT AND REMEDIES:**

33. The Owner shall be in default of this Agreement where the Owner fails to materially comply with any of its obligations or requirements established in this Agreement. Without limiting the generality of the foregoing, the Owner shall be deemed to be in default where the Owner:
  - 33.1. fails to pay and keep in good standing all Tax Liabilities which are payable by the Owner;
  - 33.2. misrepresents any fact, representation or warranty or said fact, representation or warranty as stated is incorrect in any material respect;
  - 33.3. fails to perform or comply with any of the obligations contained in this Agreement;
  - 33.4. makes an assignment for the benefit of creditors, or assigns in bankruptcy or takes the advantage in respect to their own affairs of any statute for relief in bankruptcy, moratorium, settlement with creditors, or similar relief of bankrupt or insolvent debtors, or if a receiving order is made against the Owner, or if the Owner is adjudged bankrupt or insolvent, or if a liquidator or receiver is appointed by reason of any actual or alleged insolvency, or any default of the Owner under any mortgage or other obligation, or if the Land or interest of the Owner in the Land becomes liable to be taken or sold by any creditors or under any writ of execution or other like process;
  - 33.5. willfully defaults in a material way in the payment of monies to any contractor, supplier, or creditor who has undertaken the Work that are subject of this Agreement unless the non-payment to such contractor, supplier or creditor results from the breach of the contractor, supplier or creditor's obligation to the Owner or the Owner has a legitimate claim for holdback or set off against such contractor, supplier or creditor;
  - 33.6. causes, permits or allows the Land to become contaminated and the Owner fails to remedy the contamination in accordance with applicable legislation (it being acknowledged and agreed that contamination caused by any other party for whom the Owner is not responsible for in law such as, without limitation, a Subsequent Owner shall not constitute a default by the Owner under this Agreement); or
  - 33.7. cannot be contacted by the City over a period of greater than one (1) year.
34. Where the Owner is in material default of this Agreement, the City shall provide notice of the default to the Owner. The Owner shall have sixty (60) days to remedy the default to the satisfaction of the City or to the extent the default cannot be remedied within the said sixty (60) day period, to commence and diligently pursue remedial action. Where the default is not remedied to the satisfaction of the City, the City may exercise any remedy

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City (initial)

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Owner/Applicant (initial)

available at law and pursuant to this Agreement. Without limiting the generality of the foregoing, the City may:

- 34.1. delay any Program Assistance;
- 34.2. cancel any or all future Program Assistance;
- 34.3. audit the information provided by the Owner to the City and any other information deemed relevant by the City to investigate the Default and the Owner hereby agrees to provide all requested information in a timely fashion and to pay all costs of the audit;
- 34.4. only in the event of a material misrepresentation require that the Owner repay all or any part of the Program Assistance already provided to the Owner but only to the extent of the amount of the Program Assistance advanced, based upon such material misrepresentation but not otherwise; and
- 34.5. terminate this Agreement.

#### **DEVELOPMENT SCHEDULE:**

35. **Schedule “B”**, being an illustration of the protocol for Program Assistance payments in accordance with the terms of this Agreement, sets out the Owner's estimated development schedule and related Program Assistance formula for the development of the **Marguerita Residence Corporation** Project. The Owner covenants that construction of the **Marguerita Residence Corporation** Project **shall commence not later than 15 September 2016** and shall be substantially completed within twenty four (24) months of the commencement date, excepting delays by reason of strikes, lockouts, fire, flood, the elements, acts of God, civil insurrection, unavoidable casualties or any other cause of any kind whatsoever beyond the reasonable control of the Owner, then the Owner will be permitted a postponement for the length of the delays so occasioned. **In no case can the postponement period be more than one (1) year in aggregate from 15 September 2019.**

It is agreed that interest on eligible rehabilitation costs shall not accrue during any postponement period.

#### **INDEMNITY:**

36. In the event that, as a result of the City exercising any of its remedies pursuant to this Agreement, there is no Program Assistance or Program Assistance ceases or is delayed, the Owner agrees that notwithstanding any costs or expenses incurred by the Owner, the Owner shall not have any claim for compensation or reimbursement of these costs and expenses against the City and that the City is not liable to the Owner for

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City (initial)

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Owner/Applicant (initial)

**BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT**  
**MARGUERITA RESIDENCE CORPORATION, 11 JAMES STREET WEST, BROCKVILLE**  
**TIERR/BRNFLD 01/16**

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losses, damages, interest, or claims which the Owner may bear as a result of the lapse of time (if any) where the City is exercising its rights herein.

37. The Owner shall indemnify, save, defend and keep harmless from time to time and at all times, the City and its officers, employees, councilors, and agents from and against all claims, actions, causes of action, interest, demands, costs, charges, damages, expenses and loss made by any person arising directly or indirectly from any failure by the Owner to fulfill its obligations under this Agreement.
38. The indemnities contained in **Clause 36** and **Clause 37** shall, in respect of any matter arising prior to the termination of this Agreement, remain in force following termination or expiry of this Agreement.

**NOTICES:**

39. Any notice required to be given by either party to the other shall be given in writing and delivered in person or prepaid first class mail to:

- a) in the case of the Corporation of the City of Brockville to:

City of Brockville  
One King Street  
P.O. Box 5000  
Brockville, ON K6V 7A5  
**Attention:** City Clerk

- b) in the case of the Owner to:

<b>CONTACT METHOD</b>	
<b>Contact Name:</b>	<b>Marguerita Residence Corporation</b>
<b>Mailing Address:</b>	48 Church Street Brockville, ON K6V 6L3
	<b>Attention:</b> Mr. Bruce Hynes, Chairman
<b>Telephone</b>	613-342-2734
<b>Cell</b>	613-246-6556
<b>Facsimile</b>	613-345-0339
<b>E-Mail</b>	margapt@bellnet.com

City (initial)

Owner/Applicant (initial)

**GENERAL PROVISIONS:**

40. As hereinafter set out below, the following Schedules are attached to, and form part of, this Agreement:

<b>Schedule "A"</b>	<b>Description of Lands;</b>
<b>Schedule "B"</b>	<b>Projected Project Schedule and Projected Cash Flow;</b>
<b>Schedule "C-1"</b>	<b>Brownfield Rehabilitation Eligible Costs;</b>
<b>Schedule "C-2"</b>	<b>Downtown Rehabilitation Eligible Costs;</b>
<b>Schedule "D-1"</b>	<b>Projected Brownfields Remedial Action Plan – Estimated Costs;</b>
<b>Schedule "D-2"</b>	<b>Projected Downtown Remedial Action Plan – Estimated Costs;</b>
<b>Schedule "E"</b>	<b>Assignment of Registration of Intent to Participate In Brownfields Community Improvement Program and Program Assistance Benefits</b>

41. Except where expressly stated in the Agreement, all conditions in this Agreement are for the benefit of the City and may only be waived by the City. No waiver is effective unless in writing. Where the City elects to waive certain rights under this Agreement it does not by implication give up any other rights and the City expressly reserves any and all such additional rights, notwithstanding any waiver.
42. Words importing the singular number shall include the plural and words importing firms and corporations shall include persons. Each obligation of the Developer and City in this Agreement, although not expressed as a covenant, is considered to be a covenant for all purposes. The Article and Section headings of this Agreement form no part hereof and are inserted for convenience only. If any Section, Article, paragraph, sub-paragraph, clause or sub-clause in this Agreement is held invalid or unenforceable by any court of competent jurisdiction, this Agreement shall be interpreted as if such Section, Article, paragraph, sub-paragraph, clause or sub-clause has not been part of this Agreement.

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City (initial)

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Owner/Applicant (initial)

BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT  
MARGUERITA RESIDENCE CORPORATION, 11 JAMES STREET WEST, BROCKVILLE  
TIERR/BRNFLD 01/16

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**IN WITNESS WHEREOF** the parties duly execute this Agreement:

This Agreement shall be binding upon the parties and their heirs, executors, successors and assigns.

Dated at the City of Brockville this \_\_\_\_\_ day of \_\_\_\_\_, 2018

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*Marguerita Residence Corporation, Position*

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*Bruce Hynes, Chair / Signature*

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*Marguerita Residence Corporation, Position*

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*Brent Irvine, Vice-Chair / Signature*

I/We have authority to bind the Corporation

Dated at the City of Brockville this \_\_\_\_\_ day of \_\_\_\_\_, 2018

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Mayor

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Signature of Mayor

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Municipal Clerk

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Signature of Municipal Clerk

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City (initial)

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Owner/Applicant (initial)

## SCHEDULE “A”

**Municipal Address:** 11 James Street West, City of Brockville

**PIN Number:** PIN 44165-0359 (LT)

**Legal Description of Subject Land:**

Lots 58, 59, 68, 69, 70, 71, 72, 73, 74, Part Lots 60, 67, 75 Block 31, designated as Part 2 and 3 on Reference Plan 28R-14636, Together with an Easement over Part 1 on Reference Plan 28R-14636 as in LE83576, in the City of Brockville, in the County of Leeds.

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City (initial)

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Owner/Applicant (initial)

BROWNFIELDS REDEVELOPMENT FUNDING AGREEMENT  
MARGUERITA RESIDENCE CORPORATION, 11 JAMES STREET WEST, BROCKVILLE  
TIERR/BRNFLD 01/16

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**SCHEDULE "B"**

**PROJECTED PROJECT SCHEDULE AND PROJECTED CASH FLOW**  
**(To be completed by the City of Brockville)**

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City (initial)

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Owner/Applicant (initial)

## SCHEDULE "C-1"

### BROWNFIELDS REHABILITATION ELIGIBLE COSTS

The cost to remediate and redevelop the Land shall include the following classes of costs:

TYPE OF COST	DESCRIPTION	PERCENTAGE OF COST ELIGIBLE FOR BROWNFIELDS ASSISTANCE
<b>Remediation Work</b>	All work to reduce the concentration of contaminants in soil and ground water to achieve Records of Site Condition.	100%
<b>Fill and grading</b>	Placement of clean fill and grading before and after the Record of Site Condition necessary to restore the Land to original grade.	100%
<b>ESA's, Risk Assessment and Record of Site Condition (RSC), Certificate(s) of Property Use (CPU)</b>	All costs related to the preparation and filing of Risk Assessment, Record of Site Condition (RSC) and Certificate(s) of Property Use (CPU).	100%
<b>Legal Fees for review of this Agreement, (Brownfield Site-Specific Agreement), Risk Assessment and Record of Site Condition (RSC), and Certificates(s) of Property Use (CPU)</b>	Reasonable legal fees incurred to review the site-specific By-Law, this Agreement (Brownfield Site Specific Agreement), Risk Assessments, Record(s) of Site Condition (RSC) and Certificate(s) of Property Use (CPU).	100%
<b>Financing Cost on eligible Rehabilitation Costs</b>	Interim financing fees paid on actual Brownfields Rehabilitation Costs.	100%
<b>Insurance premiums for Cost Cap insurance or Pollution Liability Insurance</b>	Only insurance related to rehabilitation or contamination is eligible. Security required by the City to guarantee the installation of public works or construction surety bonds are not eligible Rehabilitation Costs.	100%
<b>Monitoring and operation costs for environmental control technologies</b>	On-going costs to operate environmental control technologies required by the remediation plan and monitoring costs required by any Risk Assessment or Certificate of Property Use are eligible for funding.	100%

**SCHEDULE "C-2"****DOWNTOWN REHABILITATION ELIGIBLE COSTS**

The cost to remediate and redevelop the Land may include, but not be limited to, the following classes of costs:

TYPE OF COST	DESCRIPTION	PERCENTAGE OF COST ELIGIBLE UNDER TIERR GRANT PROGRAM
<b>Excavation</b>	Excavation of site	100%
<b>Fill and Grading</b>	Placement of clean fill and grading	100%
<b>Demolition</b>	Demolition of existing building(s) or elements thereof	100%
<b>Construction</b>	Materials, supplies, contracted services, labour	At the discretion of Council
<b>Engineering Design (drawings, rendering, structural design, etc.)</b>	Contracted price only	100%
<b>Tipping Fees</b>		100%
<b>Parking improvements</b>		100%
<b>Municipal service connection/replacement</b>		100%
<b>Bell, Hydro, Cable installation, communications hook-up</b>		100%
<b>Landscaping</b>		100%

**SCHEDULE "D-1"**  
**BROWNFIELD REMEDIAL ACTION PLAN**  
**(To be completed by the Owner)**

TYPE OF COST	ELIGIBLE AMOUNT	ACTUAL COST (\$)
Remediation Work	100%	
Fill and Grading	100%	
Demolition	At Discretion of Council	
Risk Assessment and Record(s) of Site Condition (RSC) (See Clause 1.28)	100%	
Legal Fees for review of the site-specific By-Law, Brownfields Site-Specific Agreement, Risk Assessments and Record(s) of Site Condition (RSC)	100%	
Interim Financing Cost on Eligible Rehabilitation Costs	100%	
Insurance Premiums for Cost Cap Insurance or Pollution Liability Insurance	100%	
Monitoring and Operation Costs for Environmental Control Technologies	100%	
<b>TOTAL ELIGIBLE COSTS</b>		

**SCHEDULE "D-2"**

**DOWNTOWN REMEDIAL ACTION PLAN**  
**(To be completed by the Owner)**

NATURE / TYPE OF WORK	DETAILED DESCRIPTION OF WORK	ESTIMATED COST
Removal of four (4) existing basement oil tanks	Oil tanks removed by demo contractor	Included in house demo
Removal of asbestos material in 10 existing houses	Asbestos material identified by specialty contractor, bagged and removed to an approved MOE dump site	\$34,000
Demolish existing houses	After abatement, demolish existing houses and remove material from site	\$155,000
Investigate ground adjacent to CNR rail tunnel for contamination	Monitoring well close to tunnel; checked soil samples; no contamination found nor was groundwater detected	\$26,000
Investigate buried debris from previously demolished houses	Excavated previously dumped and buried material, tested it, identified asbestos, then trucked material to an MOE approved dump site	\$235,000
Removal of coal ash and cinders previously used as site fill material and which did not meet MOE guidelines	Excavated coal ash throughout parts of the site and trucked it to an approved MOE dump site	Included in \$225,000 above
Replace removed material with clean fill and grade	Trucked in clean fill as required to complete site	\$50,000
Install monitoring well to check for ground water contamination	No ground water was detected in well.	Included in \$23,000 above
<b>Subtotal</b>		<b>\$500,000</b>
<b>TOTAL COSTS, ESTIMATED</b>		<b>\$500,000</b>

**Note:** Please attach additional information should the above table be insufficient.

**SCHEDULE "E"**  
**(To be completed by the Owner)**

**ASSIGNMENT OF REGISTRATION OF INTENT TO PARTICIPATE  
IN BROWNFIELDS COMMUNITY IMPROVEMENT PROGRAM AND  
PROGRAM ASSISTANCE BENEFITS<sup>1</sup>**

**THIS AGREEMENT** made this \_\_\_\_\_ day of \_\_\_\_\_ 201\_\_\_\_\_

**BETWEEN:**

(hereinafter referred to as the "Assignee")

OF THE FIRST PART

**AND:**

(hereinafter referred to as the "Assignor")

OF THE SECOND PART

**WHEREAS** the Assignor was formerly the registered owner of the property legally described as Lots 58, 59, 68, 69, 70, 71, 72, 73, 74, Part Lots 60, 67, 75 Block 31, designated as Part 2 and 3 on Reference Plan 28R-14636, Together with an Easement over Part 1 on Reference Plan 28R-14636 as in LE83576, in the City of Brockville, in the County of Leeds, PIN 44165-0359 (LT) (The property);

**AND WHEREAS** the Assignor submitted a registration of intent to participate in the Brownfields Community Improvement Program ("the Registration of Intent") to the City of Brockville on **30 August 2016**, pursuant to which the registered Owner may receive grants from the City of Brockville to pay for the whole or part of the costs of rehabilitating the Property (the Program Assistance benefits");

**WHEREAS** the Assignor transferred the property to the Assignee, by a transfer registered as Instrument No. LE\_\_\_\_\_ on \_\_\_\_\_, 201\_\_\_\_\_.

**AND WHEREAS** the Assignee, being the current registered Owner, entered into a CIP-Brownfield Commitment and Grant Agreement with the City of Brockville, submitted as Application No **TIERR/BRNFLD-01/16**, regarding the redevelopment of the lands owned by the Assignee;

**AND WHEREAS** it is the intent of the Assignor to assign its interest in the Registration of Intent and Program Assistance Benefits to the Assignee;

**NOW THEREFORE** in considerations of the covenants herein and sum of Two Dollars (\$2.00) now paid by each of the parties to the other, the receipt and sufficiency of which is hereby acknowledged by the Assignor and Assignee, the Assignor and Assignee hereby agree as follows:

1. The Assignor hereby transfers, assigns and conveys all of its right, title and interest in the Registration of Intent and the Program Assistance Benefits to the Assignee.
2. The Assignor agrees to execute such further assurances as may be required by the City of Brockville to give full effect to this assignment.
3. This Agreement shall be construed in accordance with the laws of the Province of Ontario.
4. All of the terms and provisions of this Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns.

**IN WITNESS WHEREOF** the Parties have entered into this Agreement on the date first set out above.

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(Assignee / Name/Position)

I/we have the authority to bind the Corporation

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(Assignor / Name, Position)

I/we have the authority to bind the Corporation

<sup>1</sup> Program Assistance under the BFTIP Program is NOT transferable.

AUGUST 15, 2018

**REPORT TO FINANCE & ADMINISTRATION COMMITTEE – AUGUST 21, 2108**

**2018-092-08**

**COMMUNITY DEVELOPMENT CORPORATION  
FUNDING AGREEMENT – BAC MARQUEE**

**R NOLAN  
DIRECTOR OF ECONOMIC  
DEVELOPMENT**

**RECOMMENDATION**

THAT the Mayor and the Clerk be authorized to execute all documentation in connection with Community Development Corporation funding agreement on behalf of the Corporation of the City of Brockville.

**PURPOSE**

To request Council authorization to enter into the Contribution Agreement with the Community Development Corporation of 1000 Islands.

**BACKGROUND**

The Brockville Arts Centre's (BAC) main entrance is in need of a refurbishment and repair. The existing marquee was installed in 1998 and the wooden base is rotting out and the letters and paint are in need of replacement. The lighting of the marquee is also inoperable and in need of replacing.

The BAC has applied for funding through the 1000 Islands Community Development Corporation and has been awarded \$15,000 towards the cost of the marquee. The BAC also has a commitment from a private citizen to provide an additional \$20,000 towards the new marquee.

The project will involve constructing and installing a new marquee with a durable base backing, custom design back lit lettering, medallions and lighting over the main entranceway. Heritage colours will be utilized to match the era of the building. The marquee will enhance the entrance of the building and allow for proper highlighting of the facility in a manner more consistent with the buildings beautiful interior.

**ANALYSIS**

The estimated cost for the project is \$30,000, the committed funding will also provide for a \$5,000 contingency. The 1000 Island CDC will contribute \$15,000 toward the eligible costs associated with the design, construction and installation of a new marquee above the main entrance of the BAC. The BAC also has a commitment from a private citizen to contribute \$20,000 towards this project, (\$15,000 in capital plus a \$5,000 contingency).

2018-092-08

COMMUNITY DEVELOPMENT CORPORATION  
FUNDING AGREEMENT – BAC MARQUEE

**Page 2**

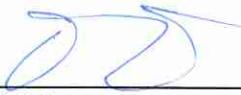
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**FINANCIAL CONSIDERATION**

The funding from the 1000 Islands CDC and the private donation will cover all of the costs of the refurbishment and upgrading of the BAC marquee. There is no financial implication for the City of Brockville.



R. Nolan  
Director of Economic Development



D. Dick, CA, CPA  
Director of Corporate Services



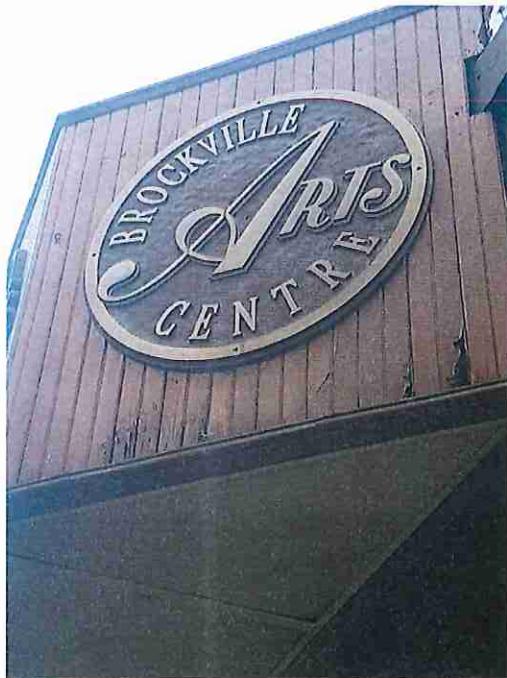
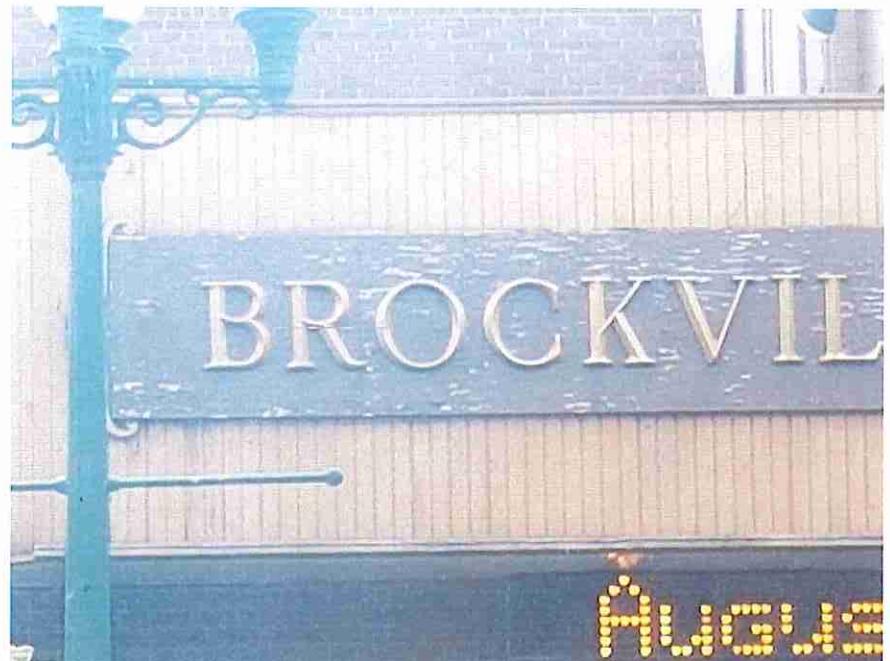
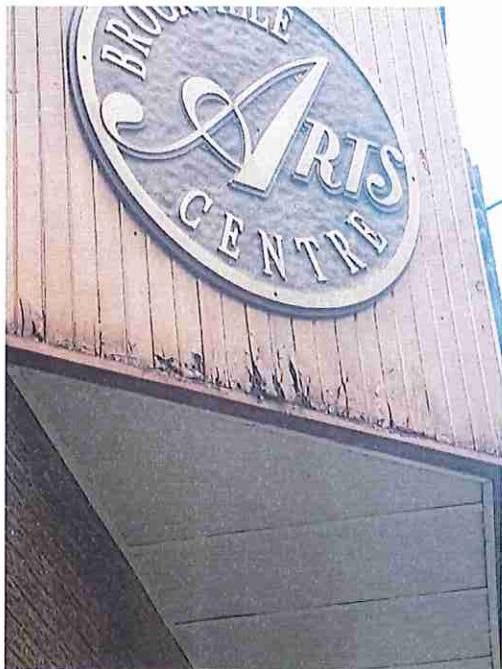
M. Pascoe Merkley  
Interim Chief Administrative Officer

2018-092-08

COMMUNITY DEVELOPMENT CORPORATION  
FUNDING AGREEMENT – BAC MARQUEE

Page 3

EXISTING MARQUEE



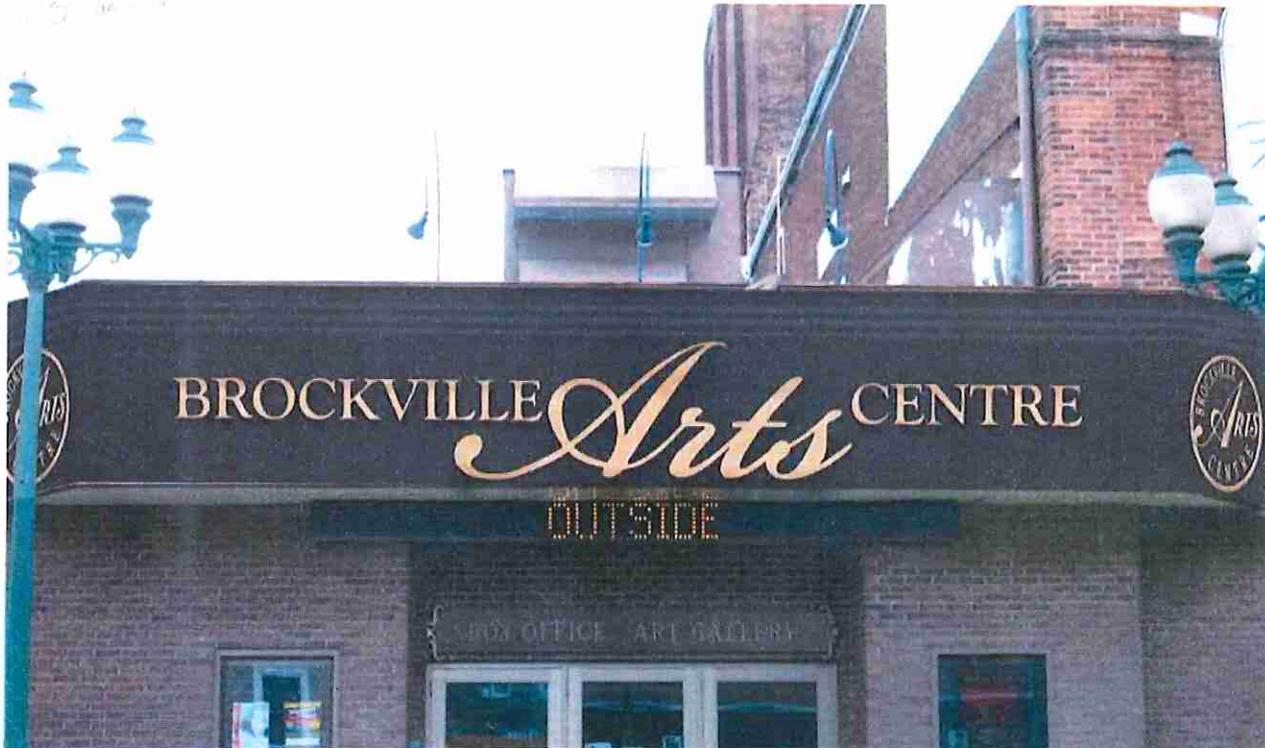
2018-092-08

COMMUNITY DEVELOPMENT CORPORATION  
FUNDING AGREEMENT – BAC MARQUEE

**Page 4**

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**ARTIST'S RENDERING OF THE NEW MARQUEE**



August 2, 2018

**REPORT TO FINANCE, ADMIN. & OPERATIONS COMMITTEE – August 21, 2018**

<b>2018-088-08</b>	<b>M. D. CARRIERE</b>
<b>QUOTATION Q2018-06</b>	<b>FLEET MAINTENANCE FOREMAN</b>
<b>PURCHASE OF</b>	<b>A. J. ROSSETTI</b>
<b>SPORT UTILITY VEHICLE</b>	<b>SUPERVISOR, FLEET &amp; SUPPORT SERVICES</b>
<b>FOR POLICE SERVICES</b>	<b>M. NOONAN</b>
	<b>DEPUTY CHIEF</b>
	<b>S. FRASER</b>
	<b>POLICE CHIEF</b>
	<b>C. J. COSGROVE, P.ENG.</b>
	<b>DIRECTOR OF OPERATIONS</b>

**RECOMMENDED**

**THAT** Council authorize the purchase of a 2018 Ford Edge, Sport Utility Vehicle, from Riverside Ford Sales Limited, Brockville, Ontario in the amount of thirty-five thousand eight hundred eighty-eight dollars and eighty cents (\$35,888.80) including HST; and

**THAT** the necessary funds be expensed from the Fleet Capital Account 07-892002-2010.

**BACKGROUND**

The replacement of the unit for the Brockville Police Services is an approved item in the Fleet Management Program in the 2018 Capital Budget.

**ANALYSIS/OPTIONS**

The replacement of this vehicle is necessary to maintain the level of service required to meet operational health and safety concerns of the Brockville Police Services, enabling the provision of adequate and effective protection to our community. This recommendation is based on the requirements of Brockville Police Services.

Quotation Q2018-06 for the above-stated unit was issued in June 2018 with the following results (all quotations have been verified):

	<u>HST Included</u>
1. Riverside Ford Sales, Ltd., Brockville, ON.....	\$35,888.80
2. James Braden Ford Ltd., Kingston, ON.....	Withdraw bid
3. Miller Hughes Ford Sales Ltd., Cornwall, ON.....	Withdraw bid

James Braden Ford Limited and Miller Hughes Ford Sales Limited stated in an email that they could not provide a 2018 Ford Edge, therefore with regret must withdraw their bid.

The amounts quoted include taxes; licence and registration are extra.

2018-088-08  
Quotation Q2018-06  
Purchase of Sport Utility Vehicle

Page 2

## POLICY IMPLICATIONS

As per Purchasing By-law 090-2005, Council approval is required when a minimum of three bids have not been received.

## FINANCIAL CONSIDERATIONS

The approved Capital Budget was \$37,233 for the replacement unit. The quotation submitted by Riverside Ford Sales Limited for \$32,318.98 (after manufacturer's fleet pricing incentive and the estimated tax rebate on the gross cost of \$35,888.808) meets the specifications and requirements for Brockville Police Services. An estimated surplus of \$ 4,914.02 may be realized.

## CONCLUSION

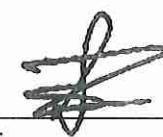
The Operations Department – Fleet & Support Services and Brockville Police Services recommend the purchase of the 2018 Ford Edge, Sport Utility Vehicle from Riverside Ford Sales Limited Brockville, Ontario.

  
M.D. Carrière  
Fleet Maintenance Foreman

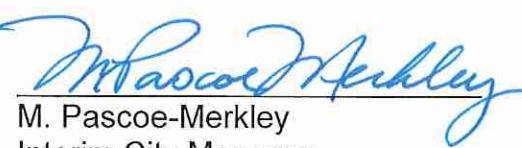
  
A.J. Rossetti  
Supervisor, Fleet & Support Services

C. J. Cosgrove P.Eng  
Director of Operations

  
M. Noonan  
Deputy Chief

  
S. Fraser  
Police Chief

  
D. Dick, CPA, CA  
Director of Corporate Services

  
M. Pascoe-Merkley  
Interim City Manager

**August 3, 2018**

**REPORT TO FINANCE, ADMIN. & OPERATIONS COMMITTEE – AUG. 21, 2017**

**2018-089-08  
AIRPORT HANGAR LEASE EXTENSION**

**MATTHEW LOCKE  
TRANSPORTATION SERVICES  
C.J. COSGROVE, P.ENG.  
DIRECTOR OF OPERATIONS**

**RECOMMENDED**

THAT Council endorse the extension of the lease of a City owned hangar located at the Brockville 1000 Islands Regional Tackaberry Airport by 2020613 Ontario Limited (Heritage Kitchens) for the three year period completing on December 31, 2021, with the 2019 lease rate being \$12,736.36 plus HST (a 1.5% increase from 2018), and a 1.5% annual increase for the following two years.

**PURPOSE**

To extend the existing lease agreement between the 2020613 Ontario Limited (Heritage Kitchens) and the City of Brockville for use of a city owned hangar at the Brockville 1000 Islands Regional Tackaberry Airport, referred to as Hangar #2.

**BACKGROUND**

In November 2009, Heritage Kitchens began leasing Hangar #2. The initial agreement was for a term of five years. The lease agreement included an Option for Renewal clause granting Heritage Kitchens first right of refusal to renew the lease, granted all rent has been paid and all conditions met. The lease was extended in 2015 with annual rent increases of 1.5%. The conditions of the lease have continued to be upheld by Heritage Kitchens, and as such an option for renewal has been proposed.

**POLICY IMPLICATIONS**

Property leases require the approval of Council.

**FINANCIAL CONSIDERATIONS**

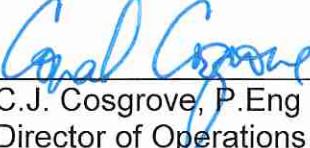
The Airport Operating Budget accounts the rent collected for Hangar #2 as operating revenue. The 2019 revenue would be \$12,736.36 for this Hangar, an increase of 1.5% from 2018.

2018-089-08  
Brock Air Contract Extension

Page 2

## CONCLUSION

It is recommended that City Council endorse the extension of the agreement between 2020613 Ontario Limited (Heritage Kitchens) and the City of Brockville.



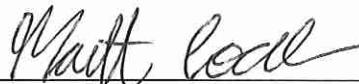
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C.J. Cosgrove, P.Eng  
Director of Operations



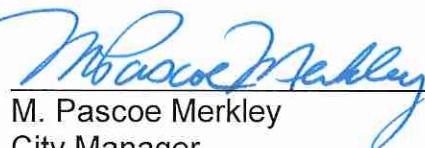
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D. Dick, CA, CPA  
Director of Corporate Services



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Matthew Locke  
Supervisor of Transportation  
Services



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M. Pascoe Merkley  
City Manager

**REPORT TO FINANCE ADMINISTRATION & OPERATIONS COMMITTEE –  
August 21, 2018**

**2018-090-08**

**Options for Issuing Long-term Debt**

**D. DICK  
DIRECTOR OF CORPORATE SERVICES  
L. FERGUSON  
MANAGER OF FINANCE  
C. WARD  
FINANCIAL ANALYST  
M. WING  
FINANCIAL ANALYST**

**RECOMMENDATION**

THAT Council approve the issuance of long-term debt instruments (debentures) through the Ontario Infrastructure and Loan Corporation Act, 2011 (OILC).

**PURPOSE**

This report is to provide Council with the various options available to the City of Brockville in respect to the issuance of debentures.

**BACKGROUND**

At the Council meeting held on July 24, 2018, staff was asked to review alternative financing options and report back to Council on the viability of issuing debentures to City taxpayers.

**ANALYSIS**

There are various methods of financing long term capital projects available to the City of Brockville.

These options include but are not limited to the following:

- (a) Capital market
- (b) Issue debentures over the counter (OTC)
- (c) Issue a debenture through OILC

### Capital Market

Municipalities are authorized to issue debentures through the capital market. A fiscal agent or syndicate is necessary to access the capital market, and are paid a commission for their services. To access the capital market successfully, the City of Brockville would require a credit rating issued from a credit rating agency, such as Moody's or Standard & Poor's. The City has not had a credit rating report completed since approximately 2006. Staff reached out to credit rating providers for cost estimates and received a fee range of between \$28,000 and \$38,000 for the initial rating. Annual monitoring of the credit rating (in addition to the amounts above) will cost between \$28,000 and \$38,000.

### Over-the-Counter Debentures

The City of Brockville has issued debentures over-the-counter (OTC) in the past. Issuing debentures OTC allowed the ratepayers in Brockville to invest in their own community while earning interest on their funds. The City avoided the commission costs involved with using fiscal agents or syndicates to access the capital market.

While issuing debentures OTC has the benefit of providing ratepayers with a competitive investment rate, this may adversely affect the City by way of increased borrowing costs. In order to encourage investors, the City must offer attractive interest rates, which may be higher than the rates available through OILC. The City in all likelihood would have to obtain a credit rating to promote the marketability of the debentures to the public as well. (See costs noted above)

Fraud prevention strategies will need to be implemented to protect the integrity of the debenture issue and investors. These may include, but are not limited to, a secure place for selling the debentures, authentication of purchasers and their personal identification, fraud-proof debenture documents and the security of the debenture certificates while they are printed and transported.

Issuing debentures OTC will require substantial use of internal resources. Staff will require extensive training due to changes in the rules and regulations surrounding investments and freedom of information. The marketing and selling phase of the debenture issue may require that staff be available outside of normal working hours for an extended period of time. Staff will also be required to perform on-going administrative duties (until all debentures are redeemed) once the debentures are sold. Such duties include the processing of semi-annual (or annual) interest payments to each investor, T5 slips (may require special software) to each investor and government remittances. Staff will be required to re-register debentures if they are sold or if an investor passes away, update the City's files for address changes, bank account changes and name changes and help investors when debentures are misplaced. Such tasks may require staff to seek legal advice, depending on the nature of the request and the manner in which the debentures are registered. Staff will also need to monitor matured debentures to ensure that they are redeemed in a timely manner. These duties

will be applicable each year of the debenture term. In the past, the debenture term was 10 years.

To our knowledge, very few (if any) municipalities issue debentures OTC. Staff has spent considerable time researching the method of issuing debentures OTC and could not find a recent example. In the past, the City of Brockville was one of a very small number of municipalities (if not the only) to issue debt in this manner.

#### Debenturing through OILC

There are no commission fees associated with a debenture through OILC and no on-going administrative duties. A credit rating is not required as OILC conducts their own review of an applicant's credit. Interest rates are very competitive and include all costs associated with the debenture issue, excluding legal fees (all methods of issuing debentures require legal fees).

### **FINANCIAL IMPLICATIONS**

A credit rating from an outside agency is required and/or recommended to ensure the marketability of a debenture issue that is conducted through the capital market or OTC. As noted previously, the last rating that was received was in approximately 2006. The most recent cost estimate obtained from a rating agency suggested that the fee to provide a credit rating would be between \$28,000 and \$38,000. In addition, an annual monitoring fee of between \$28,000 and \$38,000 would also apply. The initial fee for the credit rating (not including the monitoring fee) is approximately 1.00% of a \$2.7M debenture issue.

In addition to the fees involved with obtaining a credit rating, debentures issued through the capital market (by way of a fiscal agent) will be subject to commission fees.

For debentures issued OTC, fraud prevention strategies will need to be developed and implemented. Furthermore, there will be costs associated with printing, transporting and distributing the actual investment certificates once produced.

Besides security and printing costs, advice from legal and regulatory authorities will be required to ensure that all laws and regulations regarding the sale and marketing of investment products to the public are being adhered to. Staff will need to ensure that the rules concerning freedom of information, anti-money laundering, investments and conflict of interest are respected to limit the City's exposure to lawsuits and prosecution.

When issuing debentures OTC, there is the risk that the total amount of funds required will not be raised. Investors may decide that the interest rates are not competitive and may invest elsewhere. Council would then need to decide how to fund the unsold portion of the debenture issue (postponing projects, OILC, reallocation of funding, etc.).

Below is a cost comparison between debentures issued OTC and debentures issued through OILC. While the typical City debenture issue spans a 10-year term, this chart is for illustration purposes only and is based upon a *5 year debenture term* as we could only receive rate information on a GIC with a 5 year term.

**Comparison of estimated costs for OTC and OILC debentures of \$2.7M - 5 year term**

	Over-the-Counter	OILC
<b>Expenses</b>		
Credit Rating - initial rating	29,000	0
Credit Rating - 5 years of monitoring	145,000	0
Printing, transportation and distribution	5,000	0
Legal Fees	20,000	3,000
Staff costs	20,300	2,000
<b>Estimated costs - excluding interest</b>	<b>219,300</b>	<b>5,000</b>
 <b>Interest Costs</b>		
5 year amortizing debenture at 2.76% through OILC – semi-annual payments (quote received)	0	209,142
5 year amortizing debenture at 2.82% (average GIC rates from quote received) – semi-annual payments	213,781	0
<b>Estimated interest costs</b>	<b>213,781</b>	<b>209,142</b>
 <b>Total estimated costs</b>	<b>433,081</b>	<b>214,142</b>

## POLICY IMPLICATIONS

In keeping with the City's strategic plan, the borrowing of funds through OILC will help maintain and improve the City's infrastructure while also ensuring the funds are borrowed at a competitive rate. This directly relates to the economic sustainability of the City as a whole.

## CONCLUSION

It is recommended that Council authorize staff to apply to OILC for the issuance of debentures.

Report 2018-090-08  
Options for issuing long-term debt

Page | 5

Christine Ward

C.Ward,  
Financial Analyst-General

Matt

M. Wing,  
Financial Analyst-General

L. Ferguson, CPA, CGA,  
Manager of Finance

D Dick, CPA, CA,  
Director of Corporate Services

M. Pascoe-Merkley

M. Pascoe-Merkley  
Interim City Manager

DD

**REPORT TO FINANCE ADMINISTRATION & OPERATIONS COMMITTEE –  
August 21, 2018**

**2018-093-08  
2018 DEBENTURE ISSUE**

**D. DICK**  
**DIRECTOR OF CORPORATE SERVICES**  
**L. FERGUSON**  
**MANAGER OF FINANCE**  
**C. WARD**  
**FINANCIAL ANALYST**  
**M. WING**  
**FINANCIAL ANALYST**

**RECOMMENDATION**

THAT staff be authorized to submit an application to the Infrastructure Ontario loan program through the auspices of the *Ontario Infrastructure and Lands Corporation Act, 2011* (OILC) for various projects; and

THAT Council authorize the Mayor and Director of Corporate Services to enter into agreements with OILC to provide such financing for the projects that are approved for loans under the lending program guidelines.

THAT in the event that some projects do not qualify, staff be directed to bring back a report to Council detailing alternate means of financing those projects.

**PURPOSE**

To obtain Council approval for financing debentures through OILC.

**BACKGROUND**

The following projects were approved by Council for debenturing.

<b>Year</b>	<b>Project</b>	<b>Amount to be debentured</b>
2017	Bartholomew St	180,000
2017	Transit Bus	49,846
2017	4 x 4 Pick Up - Wastewater Systems Division	46,872
2017	Public Works Cargo Van	37,568
2017	Facilities Division Cargo Van	35,660
2017	Tractor/Loader/Backhoe at Cemetery	41,900

2018	Planning Dept - SUV	38,300
2018	Police SUV	44,186
2018	Patrol vehicle - Police	63,965
2018	3/4 Ton 4 x 4 Pick Up Truck with Plow - Cemetery	65,704
2018	Backhoe - Roads and Storm Sewer	45,900
2018	Brockville Railway Tunnel	2,100,000
		<b>2,749,901</b>

## ANALYSIS

The most recent lending rate received from Infrastructure Ontario (on July 18, 2018) for a ten-year amortizing debenture with semi-annual payments is 3.04%. The semi-annual principal and interest payments for a \$2,749,901 debenture are \$160,486, or \$320,972 per year.

## FINANCIAL IMPLICATIONS

The financial considerations regarding the long-term debt financing of the capital projects are reflected in the chart below:

Year	Project	Budget	Undebentured	Operating	WWater
2017	Bartholomew St	845,000	180,000	180,000	
2017	Transit Bus	115,800	49,846	49,846	
	4 x 4 Pick Up - Wastewater				
2017	Systems Division	47,300	46,872		46,872
2017	Public Works Cargo Van	45,000	37,568	37,568	
2017	Facilities Division Cargo Van	45,000	35,660	35,660	
	Tractor/Loader/Backhoe at				
2017	Cemetery	57,163	41,900	41,900	
2018	Planning Dept - SUV	38,300	38,300	38,300	
2018	Police SUV	44,186	44,186	44,186	
2018	Patrol vehicle - Police	42,069	63,965	63,965	
	3/4 Ton 4 x 4 Pick Up Truck				
2018	with Plow - Cemetery	65,704	65,704	65,704	
	Backhoe - Roads and Storm				
2018	Sewer	135,000	45,900	45,900	
2018	Brockville Railway Tunnel		2,100,000	2,100,000	
		<b>1,480,522</b>	<b>2,749,901</b>	<b>2,703,029</b>	<b>46,872</b>

The total amount to be debentured for the projects listed above is \$2,749,901.

The debt charges will be shared between the Operating and Wastewater Fund relative to the amount of principal borrowed per fund. For the Operating fund, the annual principal and interest payments will be \$315,501, while the annual principal and interest payments for the Wastewater fund will total \$5,471.

### POLICY IMPLICATIONS

In keeping with the City's strategic plan, the borrowing of funds through OILC will help maintain and improve the City's infrastructure while also ensuring the funds are borrowed at a competitive rate. This directly relates to the economic sustainability of the City as a whole.

### CONCLUSION

It is recommended that Council authorize staff to apply to OILC for the capital projects contained within this report.

  
\_\_\_\_\_  
C. Ward,  
Financial Analyst-General

  
\_\_\_\_\_  
M. Wing,  
Financial Analyst-General

\_\_\_\_\_  
L. Ferguson, CPA, CGA,  
Manager of Finance

\_\_\_\_\_  
D. Dick, CPA, CA,  
Director of Corporate Services

  
\_\_\_\_\_  
M. Pascoe-Merkley  
Interim City Manager

**REPORT TO FINANCE ADMINISTRATION & OPERATIONS COMMITTEE –  
August 21, 2018**

**2018-091-08**

**BROCKVILLE GENERAL HOSPITAL  
DEBENTURE OPTIONS**

**D. DICK  
DIRECTOR OF CORPORATE SERVICES  
L. FERGUSON  
MANAGER OF FINANCE  
M. WING  
FINANCIAL ANALYST**

**RECOMMENDATION**

THAT staff be authorized to submit an application to the Infrastructure Ontario loan program through the auspices of the *Ontario Infrastructure and Lands Corporation Act, 2011* (OILC) for Brockville General Hospital funding; and

THAT Council authorize the Mayor and Director of Corporate Services to enter into agreements with OILC.

**PURPOSE**

To provide Council with debenture funding options available to the City of Brockville related to the Brockville General Hospital expansion project.

**BACKGROUND**

City Council approved the funding of the Brockville General Hospital (BGH) Construction Campaign at an amount of \$4.76 million in April 2017. In July 2018, staff recommended borrowing \$2 million over 20 years for the project, anticipating the remainder to be funded from Fiscal Policy. During council deliberations, council suggested the possibility of borrowing for this commitment in 2018 to take advantage of the relatively low interest rates. Based on quarterly reports from the Bank of Canada, it is expected that rates will increase prior to our obligation in the fall of 2020.

Staff have reviewed a number of options at increased interest rates to the fall of 2020 to determine the financial viability of “pre-borrowing” the estimated debt requirement.

## ANALYSIS

Attachment 1 to Report 2018-091-08 shows the financial difference between issuing a debenture in 2018 and earning interest on the funds until payment is due or issuing the debenture in 2020 when the payment to BGH is due.

The main unknown at this point is the direction of future interest rates. Forecasts suggest a potential increase of interest rates over the next two years. We have provided estimates of a 0.50% and 1% increase relative to today's rates.

## FINANCIAL IMPLICATIONS

Issuing a debenture through OILC in 2018 will cost the City approximately \$745,000 in interest payments over 20 years. As the City is not required to make the payment to BGH until August 2020, this \$2 million could earn approximately \$65,000 in interest over that timeline. However payments of \$137,000 will begin in 2019 and thus must be raised through taxation in 2019 and 2020 and increase the current levy by 0.39%.

By waiting to issue the \$2 million debenture until August 2020, there is a risk that interest rates will go up. Attachment 1 shows the costs differential with potential interest rates as currently projected for 2020.

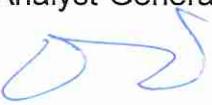
## POLICY IMPLICATIONS

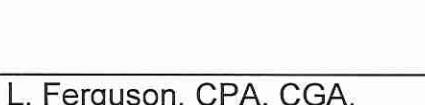
In keeping with the City's strategic plan, the borrowing of funds through OILC will ensure the funds are borrowed at a competitive rate. This directly relates to the economic sustainability of the City as a whole.

## CONCLUSION

In anticipation of increased interest rates, it is recommended that Council authorize staff to apply to OILC in 2018 for a \$2 million debenture to fund the BGH construction campaign.

  
M. Wing,  
Financial Analyst-General

  
D. Dick, CPA, CA,,  
Director of Corporate Services

  
L. Ferguson, CPA, CGA,  
Manager of Finance

  
M. Pascoe-Merkley  
Interim City Manager

Brockville General Hospital - Cash Flow Debenture Payments

2,000,000 To be Debentured

Borrowing Year	Interest Rate	Total Interest Payments over 20 years	Potential Interest Earned	Net Cost to City	Potential Savings, if Borrowed in 2018	Annual Levy Impact	% of 2018 Levy
2018	3.29%	745,476	63,833	681,642	-	137,274	0.39%
2020	3.79%	870,876		870,876	189,233	143,544	0.40%
2020	4.29%	1,003,043		1,003,043	321,400	149,967	0.42%