

Municipality Of Chatham-Kent
Community Development
Economic Development Services

To: Mayor and Members of Council
From: Stuart McFadden, Director, Economic Development Services
Date: October 5, 2020
Subject: Real Estate Transaction- Bloomfield Business Park – 11013076 Canada Inc.

Recommendations

It is recommended that:

1. Administration reject the request by 11013076 Ontario Inc., for an extension of their obligation to commence construction in the Bloomfield Business Park; and
2. Administration repurchase the 10 acres from 11013076 Canada Inc. as per the option outlined in the original purchase agreement.

Background

At the October 1, 2018 Council Closed Session meeting, Council received a report outlining the terms and conditions of the sale of 20 acres in the Bloomfield Business Park to 11013076 Canada Inc. This sale was approved in Open Council Session on December 17, 2018.

Council approved the conditions negotiated and the offer was executed with a closing date of January 10, 2019 or sooner. In December 2018, the Purchaser informed the municipality they were having difficulty moving funds from their foreign accounts to Canada and would require more time to facilitate the transaction. It was decided at that time that an extension would be granted until April 15, 2019. The purchaser agreed to these terms and Part 1 and Part 2 of the properties were transferred on that date.

One of the conditions the Purchaser negotiated was that they would have 18 months to commence construction on Parts 1 and 2 of the property rather than the Municipality's standard 12-month policy. With the original transaction closing on April 15, 2019, the 18-month condition to commence construction cannot be satisfied. The Purchaser has requested an extension verbally and formally by email. If an extension is not granted, the Municipality then obtains a right to re-purchase this property from the Purchaser.

It has been explained to the Purchasers that if an extension is not granted, they should look at this time as a chance to get organized financially and internally. The Purchasers' have also been told that if they are able to finalize their plans and financing in the future, the Municipality would be happy to work with them.

Comments

The two 5-acre parcels the Purchaser currently own (Parts 1 and 2), and the two 5-acre parcels they hold options on until January 2021 (Parts 3 and 4) represent a significant portion of lands within the Bloomfield Business Park. After this transaction was signed, other companies have called looking for developable land within the business park that cannot be accommodated until the Prosperity Way Drive extension is completed, which is currently under construction. The Municipality has already sold a 5-acre parcel to a Guelph based business with the understanding that it will not be available for development until late 2020 or early spring 2021.

If an extension was not granted, Economic Development Services would aggressively market this property as available and ready for development.

Based on the information received from the Purchaser, administration is suggesting that an extension to the 18-month period for commencement of construction not be granted. Not providing this extension will allow the Municipality to proceed with re-purchasing the property and then marketing the property for other economic development opportunities.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

Has the potential to support all areas of strategic focus & critical success factors

Neutral issues (does not support negatively or positively)

Consultation

The following Municipal staff have been consulted and agree with the recommendations:

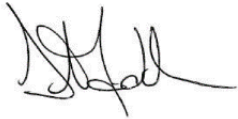
- Chief Administrative Officer
- Acting General Manager, Community Development
- Director, Legal Services
- General Manager, FBITT/Chief Financial Officer
- Director, Financial Services
- Manager, Economic Development Services

Financial Implications

Triggering the re-purchase right under this agreement will require the Municipality to pay back the purchase price for these lands, being \$400,000.

Prepared by:

Reviewed by:



Stuart McFadden, Director
Economic Development Services

Bruce McAllister
Acting General Manager
Community Development

Consulted and confirmed the content of the consultation section of the report by:

Don Shropshire
Chief Administrative Officer

Dave Taylor
Director, Legal Services

Gord Quinton
General Manager, FBITT/
Chief Financial Officer

Matt Torrance
Director, Financial Services

Jamie Rainbird
Manager, Economic Development Services

Attachment: Attachment A – Report to Council – October 17th, 2018

c.c. Dave Taylor, Director, Legal Services
Gord Quinton, Director of Finance
Matt Torrance, Manager of Finance
Jamie Rainbird, Manager, Economic Development Services