



REPORT

REPORT TO: Mayor Bonnette and Members of Council

REPORT FROM: Warren Harris, Commissioner of Recreation and Parks

DATE: February 15, 2019

REPORT NO.: RP-2019-0011

RE: Development Agreement Update for Kiwanis Field

RECOMMENDATION:

THAT Report RP-2019-0011 regarding the Development Agreement Update for Kiwanis Field dated February 15, 2019 be received;

AND FURTHER THAT the Mayor and Clerk be authorized to execute a Novation Agreement with the Halton District School Board per the terms contained within Report RP-2019-0011 to replace that originally approved through By-law 2010-0051.

BACKGROUND:

In May 2010 Council enacted By-law 2010-0051 regarding a Development Agreement with the Halton District School Board (HDSB). The Agreement outlined specific amendments to the Reciprocal Agreement to allow for rental arrangements for the use of the "Field of Dreams" sportsfield at Georgetown District High School (now known as Kiwanis Field) to support its capital construction.

The twenty year agreement was intended to secure a minimum level of field rentals that would be applied to a loan from HDSB. The loan of \$1,476,732 was to be paid back to HDSB through a repayment plan funded through the field rentals from the Georgetown Soccer Club and Halton Hills Minor Football Association (HHMFA) per the terms of Financial Agreements with each organization. The business plan developed as part of this community venture was intended to provide for an artificial turf facility in Georgetown while using field rentals to pay back the loan secured through HDSB.

In March 2018, Council approved amendments to the HHMFA Financial Agreement in order to revise the payment schedule to better align with their current operations.

COMMENTS:

As part of the approaching half way mark of the twenty year Agreement, staff approached the HDSB to review the 5.86 % interest rate on the loan in hopes of

securing a more favourable rate which is reflective of the current market. Since school boards are bound by Ministry of Education guidelines for debentures, HDSB was not able to adjust the borrowing rate of the loan.

Staff are proposing that the Town could pay off the remaining balance of the existing loan with HDSB and secure a more favourable rate of interest through a debenture with the Region of Halton. Staff estimate that an interest rate closer to 3.5% could be secured and be a more beneficial solution to the community project.

The amendments to the original Development Agreement proposed by staff include:

- Removal of any terms and conditions related to the construction of the facility since all works are complete;
- Specifics on the payment of the loan and turf replacement to close out the existing loan;
- Details on core maintenance operations for the artificial turf surface based on industry best practices, and that of other Regional municipalities;
- Specifying a term of ten years for the continuing collection of community use rentals (Georgetown Soccer Club and Halton Hills Minor Football) in favour of the Town in order to pay off the debenture.

As with the original Development Agreement, the Town is at some level of risk should the local sports associations not be able to maintain their total financial commitments of \$132,600 annually. To date approximately ninety-eight percent of required revenue has been collected from the groups, and staff do not have definitive reasons to assume that the level of field use will diminish over the next ten year period. Once the Agreement has been amended and approved by HDSB, staff will update the Financial Agreements with the two user groups to reflect the more favourable annual repayment schedules.

RELATIONSHIP TO STRATEGIC PLAN:

Not applicable.

FINANCIAL IMPACT:

The remaining loan amount would total \$818,882.07 and would be the basis of a new debenture with the Region of Halton. The \$500,000 allowance for replacement of the turf in Year Ten of the original Agreement would be funded from the 2018 Operating Budget surplus.

Staff estimate the savings realized by re-financing the loan with the Halton District School Board to be approximately \$65,000, depending upon the debenture fees that the

Town will need to pay to the Region. These savings will then be passed on to the two user groups.

CONSULTATION:

Staff consulted with the Town Solicitor, Halton District School Board staff, and the Manager of Accounting and Town Treasurer during the preparation of this report.

PUBLIC ENGAGEMENT:

Not applicable.

SUSTAINABILITY IMPLICATIONS:

Not applicable.

COMMUNICATIONS:

Staff will advise the Halton District School Board, Georgetown Soccer Club, and Halton Hills Minor Football regarding the outcomes of this report.

CONCLUSION:

Staff are recommending that the original Development Agreement with HDSB for Kiwanis Field be amended through a Novation Agreement to allow for more favourable financing terms, and clear expectations on regular maintenance. The new ten year term will result in overall savings for the project without an increased level of risk.

Reviewed and Approved by,

A handwritten signature in black ink, reading "Brent Marshall". The signature is written in a cursive, flowing style.

Brent Marshall, Chief Administrative Officer