Minutes - Executive Policy Committee - July 14, 2010

REPORTS

Minute No. 403 Charleswood Broncos Football Club Inc. – Loan Guarantee – Installation of Field Lighting
eFile FC-2.2

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommends to Council:

1. That a loan guarantee for the Charleswood Broncos Football Club Inc. be approved for the installation of lights on the football field in the amount of up to $50,000.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

Moved by Councillor Fielding,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

ADMINISTRATIVE REPORT

ISSUE: **Request for Loan Guarantee - Charleswood Broncos Football Club Inc. - Installation of Field Lighting**

Critical Path: **Executive Policy Committee - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Adams, Superintendent of Treasury	J. Ferrier, City Treasurer	J. Ferrier, Acting Chief Financial Officer	G. Laubenstein

RECOMMENDATIONS

1. That Council approve a loan guarantee for the Charleswood Broncos Football Club Inc. for the installation of lights on the football field in the amount of up to $50,000.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

IMPLICATIONS OF THE RECOMMENDATIONS

When the City guarantees a loan, it must disclose this potential liability in the Financial Statements. If the organization is in default of the loan agreement, the City would be obligated to make payments on the loan.

The total cost of the project to install a four pole lighting design to the game and practice fields at 535 Oakdale Drive is $250,000.

A breakdown of the sources of funding follows:

Land Dedication Reserve (Approved)	$175,000
Charleswood Broncos Football Club Cash	25,000
Charleswood Broncos Football Club Loan	50,000
Total	$250,000

The following is the policy and criteria related to requests for loan guarantees as adopted by Council on June 17th, 1992:

A. *Requests for loan guarantees shall be submitted to the City Treasurer for review to determine if the request meets the requirements of the policy.*

The City has received a business plan, financial and other information from the Charleswood Broncos Football Club Inc. to install a four pole lighting design to light the game and practice fields at 535 Oakdale Drive.

B. *The organization requesting the loan guarantee must provide a service, which, in whole or in part, falls within the mandate of the City of Winnipeg.*

The Charleswood Broncos Football Club Inc. provides community-based sports and recreation activities for the residents of Winnipeg in the Southwest area of the City.

C. *The project for which the loan guarantee is being requested must not be in conflict with City policy. For example, if City policy stated that we already had more than enough hockey arenas for our population, the City would not guarantee a loan for the purpose of constructing a hockey arena.*

The request for this loan guarantee is not in conflict with City policy.

D. *The organization's services must be available to the community at large without restrictions based upon ethnicity, religion or race and without unreasonably restrictive membership or user fees.*

The services are available to the community at large, without restrictive membership policies or user fees.

E. *The organization must be non-profit.*

The Charleswood Broncos Football Club Inc. is a non-profit, volunteer-run organization.

F. *The organization must produce financial records and a business plan that demonstrates the organization's long-term viability and capacity to meet the obligations of the loan that they are asking the City to guarantee.*

The Charleswood Broncos Football Club Inc. has provided copies of their financial statements. At December 31, 2008 the Club had unrestricted net assets of $24,770 and an excess of revenues over expenses of $36,826. The organization's last major capital project was a facility expansion with a cost of approximately $130,000. This project was partially financed by a five-year loan guaranteed by the City of $50,000. This loan has since been repaid in full in under three years. The business plan provided by Charleswood Broncos Football Club Inc. and the organization's past history demonstrate

the ability to service the loan. The Football Club presently has no debt, and to enhance revenue growth, has embarked on two new fundraising initiatives.

G. *The organization structure and the principals of the organization must be judged by the City of Winnipeg as competent to independently implement the business plan of the organization.*

Charleswood Broncos Football Club Inc. has demonstrated the ability to implement a business plan for an expansion to their facility.

H. *Unless there are very special circumstances, the maximum amount of outstanding loan guarantees for any one organization will be $1,000,000.00.*

The loan guarantee is for an amount of up to $50,000.

I. *The loan that the City is being asked to guarantee should not represent more than 50% of the total funding of the project. The organization requesting the loan guarantee must have raised at least 20% of the total project costs from non-City of Winnipeg sources as a down-payment, i.e. if the organization is receiving a City grant for their project, the grant cannot be counted as part of the 20% down-payment.*

The amount of the loan guarantee being requested is $50,000 or 20% of the total project cost of $250,000. The Football Club has raised $25,000 towards the project with the remaining $175,000 coming from the Land Dedication Reserve. The organization is contributing 10% to the project in cash and will be responsible for payments on the $50,000 loan. This represents a total of 30% of the project cost. The Football Club has demonstrated the ability to service a loan of this size in the past. The Football Club previously had a bank loan guaranteed by the City for $50,000 that was repaid in full in two and a half years, sooner than the 5 years originally projected.

J. *The loan that the City is guaranteeing must be related to a capital asset.*

The loan the City is guaranteeing is for the improvement of an existing City-owned facility.

K. *The capital asset must be insured to the satisfaction of the City Treasurer both during and after construction.*

The City-owned facility is operated and adequately insured by Charleswood Broncos Football Club Inc.

HISTORY

Section 218(1) of The City of Winnipeg Charter allows Council to provide financial assistance "(b) to aid sports and recreation". Section 218(2) outlines the form of financial assistance Council may provide, one form being a loan guarantee.

The City adopted a Policy and Criteria to be used as a Guideline in the Consideration of Request for Loan Guarantees on June 17th, 1992. Loan guarantees constitute meaningful commitments by the City and these commitments have to be recorded in the notes to the City's

financial statements, are factors in determining the City's potential liabilities, and are a factor in determining the City's credit rating. As at December 31st, 2009, the City of Winnipeg was the guarantor of 15 different loans totaling just over $6.3 million.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 30, 2010

Project Name: Loan Guarantee Request from Charleswood Broncos Football Club Inc.

	2009	2010	2011	2012	2013
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: There is no financial impact to the City in the granting of a loan guarantee unless there is a default in the payment of the loan.

original signed by R. Abeysekera

R. Abeysekera, Manager of Finance and Administration

CONSULTATION

In preparing this Report there was consultation with:

Community Services
Legal Services

SUBMITTED BY

Department: Corporate Finance
Division: City Treasurer's Division
Prepared by: Bob Adams, Superintendent of Treasury
Date: June 30, 2010
File No.