Agenda – Council – April 30, 2014

Report – Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – April 10, 2014

Item No. 1 Request for Amendment to Loan Agreement and approval for Partial Discharge of Mortgage for the property located at 309 and 329 Hargrave Street

STANDING COMMITTEE RECOMMENDATION:

On April 16, 2014, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management and submits the following to Council:

1. That subject to the approval of subdivision application DASSF 604/13:

   A. An amendment to the Loan Agreement between The City of Winnipeg and 310 Donald Inc. dated January 24, 2013 by removing a portion of the property from the definition of "Subject Property" in the Loan Agreement and as identified on the attached Misc. Plan No. 14658, to remove that portion of the property identified as "Lot 2" of the "Proposed Subdivision" on the attached Misc. Plan No. 14658/1, be approved.

   B. A partial discharge of Mortgage No. 4321096/1 to discharge the Mortgage from that portion of the property identified as "Lot 2" of the "Proposed Subdivision" on the attached Misc. Plan No. 14658/1, be approved.

2. That the City enter into an amending agreement and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing.

3. That the authority be delegated to the Chief Administrative Officer to negotiate and approve the final terms and conditions of the amending agreement and such other agreements as determined necessary by the City Solicitor/Director of Legal Services, in accordance with the foregoing and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

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

Report – Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – April 10, 2013

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 16, 2014, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On April 10, 2014, the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Request for Amendment to Loan Agreement and approval for Partial Discharge of Mortgage for the property located at 309 and 329 Hargrave St.

Critical Path: Standing Policy Committee on Downtown Development, Heritage and Riverbank Management - Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
G. Holmes	B. Thorgrimson	M. Ruta	D. Joshi A/CAO

RECOMMENDATIONS

1. Subject to The City of Winnipeg approval of subdivision application DASSF 604/13, that Council approve:
   a. an amendment to the Loan Agreement between The City of Winnipeg and 310 Donald Inc. dated January 24, 2013 by removing a portion of the property from the definition of "Subject Property" in the Loan Agreement and as identified on the attached Misc. Plan No. 14658, to remove that portion of the property identified as "Lot 2" of the "Proposed Subdivision" on the attached Misc. Plan No. 14658/1; and
   b. a partial discharge of Mortgage No. 4321096/1 to discharge the Mortgage from that portion of the property identified as "Lot 2" of the "Proposed Subdivision" on the attached Misc. Plan No. 14658/1.
2. That the City enter into an amending agreement and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing.
3. That the authority be delegated to the Chief Administrative Officer to negotiate and approve the final terms and conditions of the amending agreement and such other agreements as determined necessary by the City Solicitor/Director of Legal Services, in accordance with the foregoing and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.
4. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

REASON FOR THE REPORT

Council approval is required as a condition of the Loan Agreement between the City of Winnipeg and 310 Donald Inc. dated January 24, 2013 for any transfer of parkade

property defined as “Subject Property” and as identified on the attached Misc. Plan No. 14658.

IMPLICATIONS OF THE RECOMMENDATIONS

The City registered a Mortgage against the “Subject Property” as identified on the attached Misc. Plan No. 14658 as security for the Loan provided under Council approval.

As a result of the proposed recommendations, the value of the City’s security for the Loan will decrease somewhat because there is less property. Following a current opinion of value provided by the Real Estate Division, the estimated value of the original security against land-only has been reduced by $670,000. It is further estimated that upon completion of construction of the 407 stall parkade that the value of the security for land and parkade will remain at $10.3 Million.

HISTORY / DISCUSSION

On October 19, 2011, Council adopted a Memorandum of Understanding to develop a parking structure in conjunction with the redevelopment project at the A & B Sound block on Portage Avenue, which was amended by Council decision on December 12, 2012. As a result of the two Council decisions, the City of Winnipeg and 310 Donald Inc. entered into a Loan Agreement, which was executed on January 24, 2013. The pertinent terms and conditions of the Loan Agreement and Council decision are as follows:

- $5,000,000.00
- repayable in 15 years
- security by way of:
  - a Mortgage registered against the Subject Property and Office Property; and
  - A Loan Guarantee provided by Longboat Development Corporation
- Restriction on 310 Donald Inc.’s ability to transfer the property or loan without further Council approval

Said memorandum was amended by Council on December 12, 2012.

310 Donald Inc., owner of the “Subject Property” identified on the attached Misc. Plan No. 14658 located at 309 and 329 Hargrave Street, loan recipient and party to the Loan Agreement denoted above, has submitted a subdivision application DASSF 604/13 as denoted on the attached Misc. Plan No. 14658/1.

In order to satisfy the multiple use requirements for the “Subject Property”, Glasshouse Condominium Corporation has secured interest in the construction of a multi-storey residential tower on a portion of the “subject property” identified as “Lot 2” of the “Proposed Subdivision” on Misc. Plan No. 14658/1 attached hereto. The proposed multi-storey residential tower will be located immediately adjacent to the parkade property identified as “Lot 1” of the “Proposed Subdivision” on Misc. Plan No 14658/1.

On behalf of 310 Donald Inc., Longboat Development Corporation has submitted a subdivision application to establish two buildable lots and sever title. In this regard, they have also

requested a partial discharge of Mortgage No. 4321096/1 from that portion of the property that will be transferred to Glasshouse Condominium Corporation.

Council approval is being sought prior to approval of subdivision application DASSF 604/13 in order to meet conditional timelines established within the proposed purchase and sales agreement between 310 Donald Inc. and the Glasshouse Condominium Corporation. Should consent not be granted, the property cannot be subdivided, title cannot be transferred and the loan would require immediate repayment.

FINANCIAL IMPACT

Financial Impact Statement Date: March 11, 2014

Project Name:

Request for Amendment to Loan Agreement and approval for Partial Discharge of Mortgage for the property located at 309 and 329 Hargrave St.

COMMENTS:

There are no direct financial implications associated with the recommendations contained in this report.

"Original Signed By"
Mike McGinn, CA
Manager of Finance

CONSULTATION

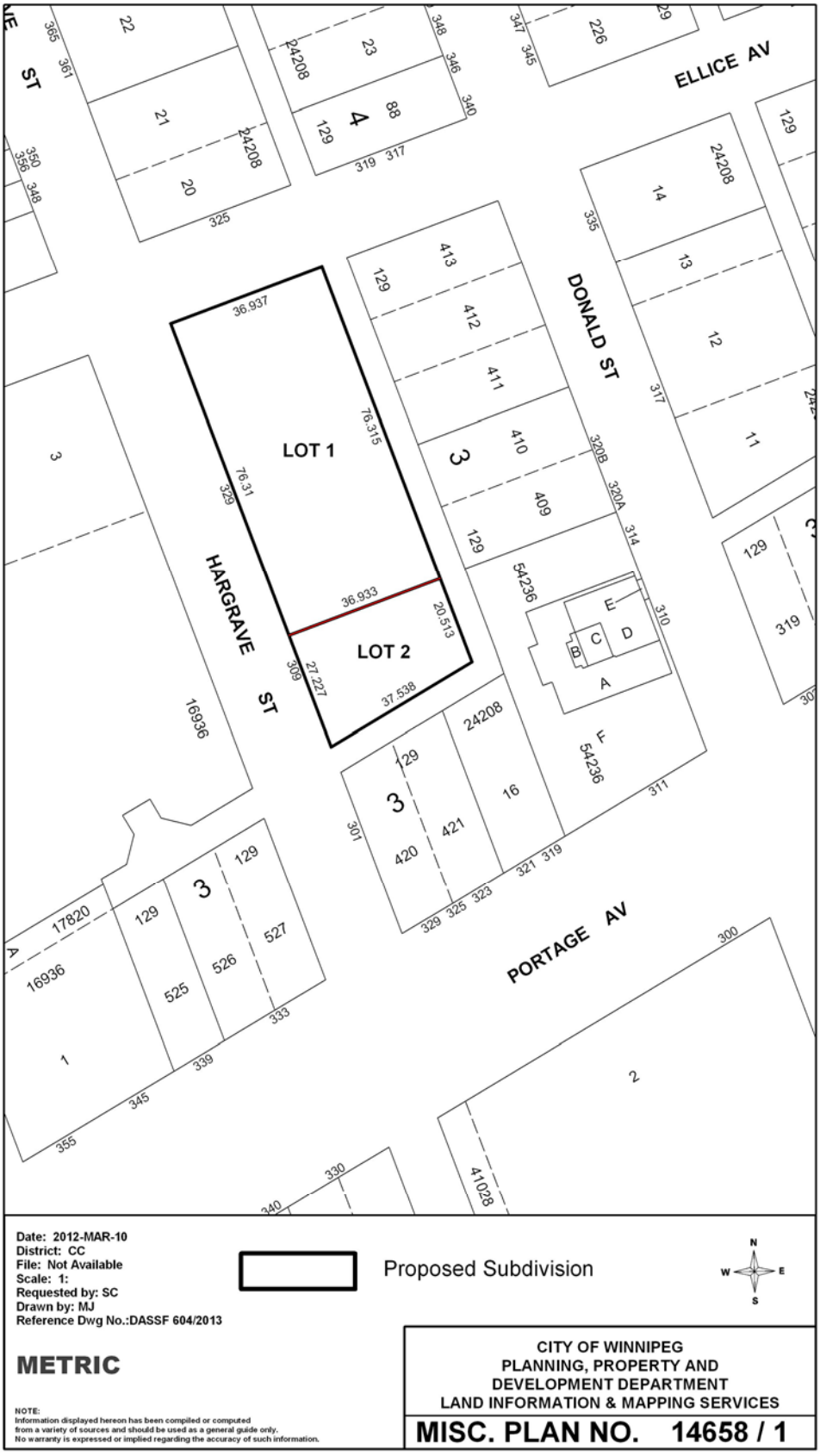
In preparing this report there was consultation with:

Legal Services Department as to legal issues

SUBMITTED BY

Department: Planning, Property and Development
Division Economic Development
Prepared by: Gary Holmes, Manager of Economic Development
Date: March 13, 2014

File Name. o:\reports directive\office of the director\manager of economic development\2014 reports\2014 03 11 Request to Discharge Caveat – RIS Report (version 3)



Date: 2012-MAR-10
District: CC
File: Not Available
Scale: 1:
Requested by: SC
Drawn by: MJ
Reference Dwg No.:DASSF 604/2013

METRIC

NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only. No warranty is expressed or implied regarding the accuracy of such information.

CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPARTMENT
LAND INFORMATION & MAPPING SERVICES

MISC. PLAN NO. 14658 / 1