

SPORTS VILLAGE – AMENDMENT TO FINANCIAL COMMITMENT LETTER

Recommendation

The Commissioner of Finance/City Treasurer and the Director of Reserves & Investments recommend:

- 1) That Council enact a by-law to authorize the required amendments to the Bank of Nova Scotia Commitment letter to permit the refinancing of the bank loan in the amount of \$7,439,845 for an additional five (5) year term, amortized over a ten (10) year period; and;
- 2) That the Mayor and Clerk be authorized to execute all required documentation to effect the amendment to the Bank of Nova Scotia Commitment Letter in a form satisfactory to the City Solicitor.

Contribution to Sustainability

Not applicable

Economic Impact

The report as written has no economic impact. However, should Mentana Group Inc. be delinquent in its loan repayment, the City of Vaughan (as Guarantor) would be responsible for the financial obligation.

Communications Plan

City staff will advise both the Bank of Nova Scotia and Mentana Group Inc. on the outcome of Council's decision.

Purpose

The purpose of this report is to obtain Council approval to amend the Commitment Letter between the Bank of Nova Scotia, Mentana Group Inc. and the City of Vaughan in accordance to Section 11 of the Omnibus Agreement dated July 28, 2000.

Background - Analysis and Options

The Sports Village, a municipal capital facility in accordance with the Municipal Act (Ontario), is a private/public partnership multi-use cultural and recreational complex located at 2600 Rutherford Road constructed on lands which are owned by the City and have been leased to Mentana Group Inc. On December 29, 2000, the Bank of Nova Scotia, the Mentana Group Inc. (Borrower) and the Corporation of the City of Vaughan (as Guarantor) signed a Commitment Letter financing the project. The Bank of Nova Scotia provided the financing for the Sports Village to the Mentana Group Inc. The term of the original loan was for ten (10) years amortized over a twenty (20) year period maturing January 2011. Due to favourable interest rates, Mentana Group Inc. has requested that the Bank of Nova Scotia refinance the outstanding balance in the amount of \$7,439,845 for an additional five (5) year term amortized over a ten (10) year period. For the bank to proceed with this request, the Bank of Nova Scotia requires the Commitment Letter to be amended.

Section 11 of the Omnibus Agreement dated July 28, 2000 between the Bank of Nova Scotia, Mentana Group Inc. and the Corporation of the City of Vaughan states:

- a) the Commitment Letter shall not be amended, supplemented, restated or replaced without the prior written approval by by-law of Council of the City

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council in the Vaughan Vision 2020.

Regional Implications

Not applicable

Conclusion

Mentana Group Inc. requires City of Vaughan approval to secure the refinancing of the outstanding balance in the amount of \$7,439,845 for an additional five (5) year term amortized over a ten (10) year period. The City, as Guarantor, in accordance with Section 11 of the Omnibus Agreement dated July 28, 2000 must approve any amendment to the Bank of Nova Scotia Loan Commitment Letter. The Commitment Letter can only be amended with written approval by by-law of Council of the City of Vaughan.

Attachments

None

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Respectfully submitted,

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