

City of Hamilton

HAMILTON TAX INCREMENT GRANT PROGRAM
Grant Payment – Agreement

Application No. HDPIGP 14/09

DATE: November 26, 2014

PROPERTY INFORMATION

Name of registered property owner: 150 Main Street West Holdings Inc.
Attention: Darko Vranich

Address of property (subject of Grant Program): 140 Main Street West,
Hamilton

Roll Number(s): 2518.020.121.00460.0000

Mailing Address of Owner (where address is different from address of property)

366 King Street West
Hamilton, Ontario
L8P 1B3

GRANT CALCULATION

The estimated grant shall be calculated according to the following formulas

Grant Level:	100%	
Total Eligible Costs (Maximum):	\$ 40,000,000	
Pre-project CVA: (CX – Commercial, Vacant Land)	\$ 1,601,000	Year: 2014
Municipal Levy:	\$ 37,539.26	
Education Levy:	\$ 20,826.11	
Pre-project Property Taxes	\$ 58,365.37	
*Estimated Post-project CVA: (NT – Residential)	\$ 30,000,000	Year: TBD
**Estimated Municipal Levy:	\$ 355,263.33	
**Estimated Education Levy:	\$ 60,900.00	
**Estimated Post-project Property Taxes:	\$ 416,163.33	

*The actual assessed value, tax classification(s) and value partitioning (where applicable) to be determined by the Municipal Property Assessment Corporation

**2014 tax rates used for calculation of estimated property taxes

Municipal Tax Increment = Post-project Municipal Taxes (actual) - Pre-project Municipal Taxes

“Grant Payment in Year One” (first full calendar year after re-valuation of the completed and occupied project by MPAC) or the “Initial Grant Payment” = Municipal Tax Increment*100%

Calculation of **Estimated** Grant Payment in Year One (Initial Grant)

Pre-project Municipal Taxes = Municipal Levy = \$37,539.26

Municipal Tax Increment = \$355,263.33 - \$37,539.26 = \$317,724.07

Payment in Year One = \$317,724.07 x 1.0 = \$317,724.07

ESTIMATED GRANT PAYMENT SCHEDULE

(subject to re-calculation each year and up to the total eligible costs)

Year*	Grant Factor	Tax Increment	Grant
1	100%	\$317,724.07	\$317,724.07
2	80%	\$317,724.07	\$254,179.25
3	60%	\$317,724.07	\$190,634.44
4	40%	\$317,724.07	\$127,089.62
5	20%	\$317,724.07	\$63,544.81
Total		\$1,588,620.35	\$953,172.19

Grant Terms

1. The actual amount of annual Grant payments are subject to re-calculation of (Municipal Tax Increment*the applicable %) in each and every year.
2. The total value of the sum of the annual Grant payments that may be provided under the Hamilton Tax Increment Grant Program shall not exceed the total eligible costs of the said redevelopment that have been accepted by the City (\$40,000,000).
3. Annual Grant payments shall be paid, subject to these terms and conditions, by the City to a maximum of 5 payments. Such payments shall cease when the total amount paid out equals the total eligible cost amount as determined by the City, or after 5 grant payments, whichever comes first.

4. The total value of the eligible Grant provided under this Program shall be reduced by the amount of any property tax arrears in respect of any and all taxes that have been cancelled or reduced on the subject property by the City under any other programs or by relief allowed under any statute.
5. The Grant Payment in Year One and subsequent annual Grant payments are calculated based upon changes in property taxes as a result of completion of the accepted eligible works and construction and improvement to the property.
6. If at any point after the original redevelopment of the land, new construction is added to the land that is not part of the original Hamilton Tax Increment Grant Program application, the Grant will be calculated only in respect of the original eligible costs, original redevelopment works, and original building size contained in the original Hamilton Tax Increment Grant Program application.
- 7.1 The initial Grant payment is not payable by the City until each of the following conditions are fulfilled to the satisfaction of the City:
 - (a) redevelopment of the property is completed in accordance with the proposed redevelopment as specified in the Hamilton Tax Increment Grant Program application;
 - (b) the Owner has supplied the City with evidence satisfactory to the City as to the amount of the eligible costs incurred by the Owner;
 - (c) the Owner has satisfied the City that the total eligible costs, incurred in respect of the redevelopment have been paid in full and that there are no liens, claims or litigation in respect of the Owner's obligation to pay the total eligible costs;
 - (d) the Owner has satisfied the City that the accepted redevelopment that is subject of the Grant application has not been substantially altered or has not been demolished;
 - (e) the Owner has satisfied the City that there are no outstanding work orders and/or orders or requests to comply from any City department or other regulatory authority in respect of the redevelopment, the property and the business of the Owner conducted on the land;
 - (f) the Owner has satisfied the City that the Owner, its redevelopment and property are in full compliance with:
 - (i) any Agreement(s) relating to the property in favour of the City, including any Agreement relating to: condominium, service, site plan approval, encroachment, joint sewer & water use, easement or other Agreement; and,
 - (ii) by-laws of the City and provincial and federal legislation and regulations.
 - (g) the Owner has satisfied the City that the assessed value of the subject property has increased as a result of the said redevelopment to the property and that the assessed value was increased for reasons that meet the eligibility requirements of the City's Hamilton Tax Increment Grant Program;

- (h) the Owner or the municipality has not appealed said increased assessed value and there exists no other pending appeal which has not been settled completely in respect of the assessed value as of a date which is either in advance of or as of a date, which follows the said redevelopment;
 - (i) the Owner has satisfied the City that the property taxes for the year during which property taxes were calculated pursuant to the said increased assessment and for each of the preceding years, have been paid in full, have not been deferred and there are, at the time of application for payment of the annual Grant payment, no instalments for the current year remaining to be invoiced and paid;
 - (j) the Owner has satisfied the City that the Owner, as of the date of the proposed Grant payment, has paid in full and not deferred all other charges (where applicable) against the property in favour of the City, including but not limited to: Development Charges, park land dedication fees, special assessments and frontage charges;
- 7.2 Subsequent annual grants as set out herein will be payable each year upon the written request of the Owner where the Owner has satisfied the City as to the matters set out in paragraphs 7.1 (d), (e), (f), (h), (i) and (j) above.
- 7.3 The amount of each subsequent grant is equivalent to the Municipal Tax Increment (MTI) for the year in which payment is to be made. The MTI shall be calculated as shown in Section 3 of this Agreement. It is acknowledged that the amount of this grant may vary up or down from year to year during the term of this Agreement. No grant is payable where the MTI is zero or a negative value.
8. Notwithstanding Paragraph 7(h) herein, the City may pay 75% of the annual grant payable to the Owner where property assessment appeals have been filed.
9. The decision of the City regarding the total amount of eligible costs and the calculation of the actual total redevelopment Grant and annual Grant payments is final.
10. Payment of the Grant and the actual amount of the total Grant will be subject to the City's review and satisfaction with all reports and documentation submitted in support of the application, including but not limited to: documentation of the estimated and actual costs of eligible works. Any and all of these costs may be, where required by the City subject to verification, third party review or independent audit, at the expense of the Owner.
11. Grants are not payable by the City until such time as all taxes eligible for a Grant have been billed by the City, and all outstanding taxes have been paid in full for all years by the Owner. Grant cheques will not be issued if there is an outstanding tax payment. Penalty/interest will be charged on all outstanding taxes. Penalty/interest on arrears will be 15% per annum or such tax arrears interest rate as may be established by Council from time to time.

12. On an annual basis, the City, upon ascertaining that the Owner is in compliance with this Agreement and has met all and any other requirements of the City, shall pay the annual Grant payment.
13. If in the opinion of the City the property is not maintained in its rehabilitated condition, the City may, at its own discretion and without notice, terminate all future Grant payments and require repayment of all Grant payments already paid out by the City to the Owner.
14. The City retains the right at all times not to make any or all of the Grant payments or to delay payment where the City deems that there is non-compliance by the Owner with this Agreement. In particular, without limiting the generality of the foregoing, the Grant is conditional upon periodic reviews satisfactory to the City to there being no adverse change in the redevelopment and to there being compliance on the part of the Owner with all other requirements contained in this Agreement.
15. Where property taxes are in arrears on the subject property for a year or more, the City may, at its discretion and without notice, terminate all future Grant payments.
16. In the event of the sale, conveyance, transfer or entering into of any agreement of sale or transfer of the title of the Property the City shall have absolute discretion in ceasing any further grant payments.
17. Where the Owner is a corporation the Owner covenants and agrees that in the event that:
 - a) the Owner fails to supply the City, in a form satisfactory to the City such information relating to the ownership of its shares as the City may from time to time require: or
 - b) without the written consent of the City first had and obtained:
 - i) the Owner issues or redeems any of its shares or transfers any of its shares;
 - ii) there is a sale or sales of the shares of the Owner which result in the transfer of the legal or beneficial interest of any of the shares of the Owner; or,
 - iii) the Owner amalgamates, merges or consolidates with any other corporation,

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Owner, or the requested information is not provided, then future grant payments under the Program shall cease at the absolute discretion of the City.

IN WITNESS WHEREOF the parties duly execute this Agreement, as follows as of the day and date set out in the date of this Agreement:

Approved As To Form: **CITY OF HAMILTON**

Legal Services

(1 -)

Fred Eisenberger, Mayor

Rose Caterini, City Clerk

OWNER

per: _____

per: _____ c/s

I/We have authority to bind the corporation