



CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	March 2, 2016
SUBJECT/REPORT NO:	Hamilton Realty Capital Corporation (HRCC) (PED16061) (Wards 1, 2 and 3) (Outstanding Business List Item)
WARD(S) AFFECTED:	Wards 1, 2 and 3
PREPARED BY:	Hazel Milsome (905) 546-2424 Ext. 2755
SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That, effective immediately, the City terminate the Unanimous Shareholders Agreement (“USA”) that governs the Hamilton Realty Capital Corporation, dated July 26, 2006, if all parties to the USA agree to do so;
- (b) That the \$1.85 M loan from the Hamilton Future Fund committed to the Hamilton Realty Capital Corporation for redevelopment projects within the Downtown Hamilton Community Improvement Project Area be cancelled;
- (c) That the subject matter, respecting the Hamilton Realty Capital Corporation’s Unanimous Stakeholders’ Agreement, be identified as complete and be removed from the General Issues Committee Outstanding Business List.

EXECUTIVE SUMMARY

At its meeting held on May 27, 2015, City Council directed staff to analyze the options the City has with respect to the Unanimous Shareholders Agreement (USA) that governs the Hamilton Realty Capital Corporation (HRCC), and report to the General Issues Committee in early 2016.

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Article 4, Sections, 4.01, 4.02, 4.03 and 8.01 of the USA that governs the HRCC dictates that:

“4.01 Termination of Agreement: Either of the Corporation or the City may terminate this Agreement by giving thirty (30) days prior written notice of such termination (such effective date of termination called the “Termination Date”) to the other, provided that such notice may only be given on or at any time after the earlier of:

- (a) the Capital Expenditures Satisfaction Date, and*
- (b) the date which is ten years following the date hereof.”*

The Capital Expenditures Satisfaction Date has not been achieved. The ten-year date is July 26, 2016.

Over the last few months, staff held discussions with the private sector partner regarding the future of USA. As a result of these discussions, it was mutually agreed that the best course of action, for all concerned, was to bring the USA to a conclusion. At the time of writing Report PED16061, the owner, HRCC, had a firm deal to sell the sole asset of the Corporation (134 Cannon St. – the Cannon Knitting Mills) and has already returned the City of Hamilton’s loaned funds.

Staff recommends that, with the agreement of the Investor and the Corporation, the USA be terminated now.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The City’s \$1.85 M Capital contribution to the HRCC is budgeted in Project ID# 8200203107. Loan advances have totalled \$261,266.92 and have been repaid in full. Therefore, the City’s \$1.85 M will be returned to the Hamilton Future Fund.

Staffing: There would be no staffing implications.

Legal: The USA would be terminated and the Public Private Partnership known as Hamilton Realty Capital Corporation would cease to exist. There would be no legal implications.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

Staff from the Legal Services Division, City Manager's Office and the Financial Planning and Policy Division, Corporate Services Department, was consulted and the advice received is incorporated into Report PED16061.

ANALYSIS AND RATIONALE FOR RECOMMENDATIONS

The City has the opportunity to contractually end the USA on July 26, 2016, but in light of the full amount of the advances having been returned already to the City, and the short time period (five months) to the contractual end of the Agreement, there would appear to be no reason not to agree to end the Agreement now.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous and Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.3 Promote economic opportunities with a focus on Hamilton's downtown core, all downtown areas and waterfronts.
- 1.5 Support the development and implementation of neighbourhood and City-wide strategies that will improve the health and well-being of residents.

APPENDICES AND SCHEDULES ATTACHED

N/A

HM / hk