

December 4, 2017

City Clerk

City of Hamilton

City Hall, 71 Main Street West

Hamilton, Ontario

**Re: Development Charges Deferral Agreement No. 149- 35 Upper Centennial Parkway,
2266793 Ontario Ltd.**

Further to our discussions during the past few weeks with yourself and Councillor Conley we respectfully request your consideration of an extension of the current Agreement noted above.

Background.

The site located at 35 Upper Centennial Parkway is known in the community as the Southmount Healthcare Centre. The first tenants took occupancy in late 2013/mid 2014. The project immediately expanded the healthcare services available to nearby residents of the local community. The initial occupants were Family Doctors, Walk in Clinic, X-Ray and Ultrasound, Pharmacy, Physiotherapy and Rehab Clinic, an Ohip covered Weight Management clinic, Internal Medicine and Specialist clinic. The next group of tenants were a Naturopathic clinic, Dental Office, Optometrist Clinic as well as a much needed Blood Lab. In 2018 there will be a Cardiology Centre, Medical research Facility as well as a Diabetes Management Clinic All of these services are offered in a state of the art environment that residents appreciate and deserve. It is the largest medical office in the City and is poised to meet the growth in this area of Hamilton/Stoney Creek/Binbrook for many years to come. At this time approximately 3,500 residents per week visit the building for various levels of health care.

As you may be aware Hamilton is deemed to be a medically underserved area by MOHLTC with respect to the availability of Family Doctors. Since the building opened, the underserved designation was redefined to only apply to lower Hamilton. The impact of this to our building and upper Hamilton has been significant. This change has dramatically impacted our efforts in recruiting more family doctors, the lifeblood of a medical office building. Family Doctors generate the much needed traffic to the balance of tenants and service providers in the building. Most new Medical Graduates who opt to pursue Family Medicine wish to do so under a payment model known as Family Health Organization (FHO). There are many FHO's in Hamilton, one of which is located at Southmount We have received many requests from new Family Doctor's willing to start their practice there, but only if they could join the existing FHO. Due to the revised guidelines the FHO cannot be increased to accommodate these doctors. Our existing doctors in the FHO have a long list of patients waiting for a family doctor to accept them as patients. At this time those doctors cannot accept more patients as their practices are quite full. The current status

of the MOHLTC classification of underservice in our community is detrimental to the delivery of health services in our community and I am confident that this will be corrected soon.

The result of this situation is that we are behind in our occupancy targets and the building has significant vacancy at this time. We are extremely confident that we can rectify this in the near term by offering the top floor to non-medical users. The building will still offer approximately 65,000 square feet of medical space that will be sufficient to meet the needs of the market for the foreseeable future. By securing commercial and professional office tenants to the site we will reduce our reliance on securing more family doctors and the resulting attraction of other medical tenants. The increase in occupancy in 2018 will allow us to fund and secure financing sufficient to pay the outstanding development Charge obligation.

We respectfully request that you consider an extension based on the following payment arrangements

Mar. 22, 2018	\$96,390	7.0% of Balance Outstanding
Apr 23, 2018	\$96,390	7.0% of Balance Outstanding
May 21, 2018	\$179,010	13.0% of Balance Outstanding
Jun 18, 2018	\$179,010	13.0% of Balance Outstanding
Jul 23, 2018	\$206,550	15.0% of Balance Outstanding
Aug 21, 2018	\$206,550	15.0% of Balance Outstanding
Sep 18, 2018	\$206,550	15.0% of Balance Outstanding
<u>Oct 22, 2018</u>	<u>\$206,550</u>	<u>15.0% of Balance Outstanding</u>
Total	\$1,377,000	100% of Balance Outstanding

We would like the extension open to a prepayment of remaining balance at any time during the extension period. The above amounts are subject to interest calculations being applied.

We respectfully appreciate your consideration of this request and we look forward to continue working with you.



Fausto Carnicelli

2266793 Ontario Ltd.