



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 3, 2021
SUBJECT/REPORT NO:	Ancaster Tennis Club Loan Request (FCS21032) (Ward 12)
WARD(S) AFFECTED:	Ward 12
PREPARED BY:	Kirk Weaver (905) 546-2424 Ext. 2878 Steve Sevor (905) 546-2424 Ext. 4645
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the General Manager, Finance and Corporate Services, be authorized and directed to enter into an interest free loan agreement with the Ancaster Tennis Club not to exceed \$940,000, inclusive of the previously approved \$290,000 through Report PW17089(a), pursuant to the City's External Loan Guidelines, for the construction of a new dome and related infrastructure to be repaid in full within 15 years of the loan advance, together with a General Security Agreement, both in a form satisfactory to the City Solicitor and General Manager, Finance and Corporate Services;
- (b) That the Ancaster Tennis Club loan be repaid with annual payments on the anniversary dates of the loan advance as reflected in the repayment schedule attached hereto as Appendix "A" to Report FCS21032;
- (c) That the Mayor and City Clerk be authorized to execute the Loan Agreement, the General Security Agreement and any ancillary documents required to give effect to the Ancaster Tennis Club loan;
- (d) That the General Manager, Healthy and Safe Communities, be authorized and directed to execute a License Agreement, together with any ancillary documents with the Ancaster Tennis Club to allow the ongoing use of City property by the Ancaster Tennis Club and the addition of the infrastructure required to support the new Dome in a form satisfactory to the City Solicitor;

- (e) That the General Manager, Healthy and Safe Communities Department, or designate, be delegated the authority to negotiate and grant naming rights to Rogers Canada for the City facility occupied by the Ancaster Tennis Club as required to permit the Ancaster Tennis Club to obtain sponsorship funding pursuant to the Community Tennis Facility Fund and to execute any necessary consents or agreements to facilitate the sponsorship and naming rights, with content acceptable to the General Manager of Healthy and Safe Communities Department, or designate and the City Solicitor.

EXECUTIVE SUMMARY

The purpose of Report FCS21032 is to gain Council's approval to enter into a Loan Agreement and General Security Agreement with the Ancaster Tennis Club (the "Club") that will provide funding to support the construction of a new dome over several of the courts. In addition, staff is recommending the completion of a new Licence Agreement that will outline the conditions under which the Club is permitted to use the City's property to reflect the addition of the new dome and related infrastructure.

Based on information supplied by the Club, the total Project cost is approximately \$1,245,000 including the dome foundation, dome purchase and installation, construction of a storage building and lighting and utility upgrades. In addition to the loan requested from the City of \$940,000, the Club has received a grant from the Hamilton Future Fund in the amount of \$206,000. The Club is currently in the process of applying for a sponsorship grant with the Community Tennis Facility Fund estimated at \$100,000. The balance of the Project will be funded by the Club. The Club will also make annual loan payments to the City of \$62,666.67.

The City's External Loan Guidelines provides for interest free loans to organizations for upgrades or enhancements on City-owned facilities or properties. As the Ancaster Tennis Club is situated on City-owned land, the Club qualifies for an interest free loan as the new tennis bubble enhances the park's amenities and enables the Club to offer year-round tennis to City residents.

The Club's existing Licence Agreement with the City for use of the City-owned property that the Club occupies expired on March 31, 2015 and the Club has been occupying the property on a month-to-month basis. Report FCS21032 recommends that the City enter into a new Licence Agreement for the term commencing April 1, 2015 and expiring December 31, 2031 to coincide with the naming rights of the facility as detailed below. The agreement would be updated to reflect the additional infrastructure being added.

The Club has agreed to a letter of credit in the amount of \$10,000 as security for the removal and reinstallation of the dome annually with installation to occur no earlier than October 1 annually and removal to occur no later than May 1 annually allowing for a seven-month period of use. The Club has included the costs for this in their annual operating budget projections.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

The Club is being considered by Tennis Canada as a potential recipient of the Community Tennis Facility Fund. This fund would provide approximately \$100,000 in project funding to the Club. As a condition of funding, the Club must agree to naming the covered court facility the Rogers Ancaster Tennis Club for a minimum of 10 years. Funding decisions are expected by June 2021. If awarded, a funding agreement will be signed between Tennis Canada and the Club and Tennis Canada will provide the City of Hamilton with a copy of this agreement. Report FCS21032 recommends that the General Manager, Healthy and Safe Communities Department be delegated the authority to negotiate and grant naming rights to Rogers Canada for the City facility occupied by the Ancaster Tennis Club as required to permit the Club to obtain sponsorship funding pursuant to the Community Tennis Facility Fund, and to execute any consents or agreements necessary to facilitate the sponsorship and naming rights.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Per the City's External Loan Guidelines, the Ancaster Tennis Club qualifies for an interest free loan for this project. Staff has reviewed the financial position and projections of the Club and believe they will have the capacity to repay the loan. Appropriate security provisions will also be included in the loan agreement.

Staffing: N/A

Legal: Legal Services will prepare the Loan Agreement, the General Security Agreement which will be registered under the PPSA and the License Agreement, together with any applicable consents or agreements related to the naming rights of the Club.

HISTORICAL BACKGROUND

Report PW17089(a) approved by Council in June 2018 authorized a loan of \$290,000 to the Ancaster Tennis Club to support the construction of a dome to allow year-round use of the Ancaster Tennis Club facility. As a result of a number of delays in the Project, the previously approved loan has never been issued.

In March of 2021, Council received correspondence from the Club requesting that the loan be increased by an additional \$650,000 for a total loan of \$940,000. The correspondence is attached as Appendix "B" to Report FCS21032.

Staff was directed to report back with recommendations. Report FCS21032 addresses all of these related issues.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Reports FCS06078 and FCS06078(a) outline the City's external Loan Guidelines. Staff has reviewed the information submitted by the Club to ensure conformity with these guidelines.

RELEVANT CONSULTATION

Recreation staff was engaged in discussions related to a new Licence Agreement for ongoing use of the City property by the Club.

Legal Services staff was consulted in relation to the Licence Agreement and the potential sponsorship and naming rights agreement the Tennis Club was considering.

Revenue Generation & Strategic Partnerships was consulted in relation to the granting of naming rights for the City facility as required by the potential sponsorship grant.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Loan

Staff has worked with representatives of the Ancaster Tennis Club to gain information that will assist in satisfying the City that the Club will have the capacity to repay the loan. Staff received financial statements for 2018, 2019 and 2020. Staff also had the opportunity review the details of the Tennis Club's revenue assumptions and projections for the next five years. Based on the review of this material and consistent with the City's External Loan Guidelines, staff recommends entering into the loan agreement with the Ancaster Tennis Club in the amount of \$940,000.

Licence Agreement

The Ancaster Tennis Club's existing Licence Agreement with the City for use of the City-owned property that the Club occupies expired in 2015. Report FCS21032 recommends that a new License Agreement with the Club be entered into which would commence on April 1, 2015 and expire on December 31, 2031. This new Agreement would reflect the additional infrastructure being added.

The Club has agreed to a letter of credit in the amount of \$10,000 for removal and reinstallation of the dome annually. Installation of the dome will occur no earlier than October 1 annually and will be removed no later than May 1 annually, allowing for a seven-month period of use. The Club has included the costs for this in their annual operating budget projections.

Sponsorship Agreement and Facility Naming Rights

The Club is in the process of completing its application for the Community Tennis Facility Fund presented by Rogers. If awarded to the Club, this fund would provide approximately \$100,000 in project funding and would require a Funding Agreement between Tennis Canada and the Club. As a condition of funding, naming rights of the covered court facility to Rogers would be required. Facility naming would be mutually agreed to by the Club and Rogers and signage with the new facility name will appear in the facility entry, the exterior of the facility (locations mutually agreed) and whenever the facility name is used or presented.

The term of the naming rights will be a minimum of 10 years and while there is no automatic renewal, Rogers would have first right of renewal if facility operations continue under the Club. Tennis Canada would also have the right of first refusal to purchase the capital assets / business of the Club pursuant to the proposed agreement and will have first right of refusal to operate or assist the City in finding another third-party to operate the tennis facility. This would require mutual agreement by Tennis Canada and the City of Hamilton. Funding decisions are expected by June 2021. Delegated authority is being sought to allow the General Manager, Healthy and safe Communities Department, or designate the ability to negotiate and grant naming rights of the City facility occupied by the Ancaster Tennis Club as required to permit the Club to obtain sponsorship funding pursuant to the Community Tennis Facility Fund, and to execute any consents or agreements necessary to facilitate the sponsorship and naming rights.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS21032 – Ancaster Tennis Club Loan Repayment Schedule

Appendix “B” to Report FCS21032 – Correspondence from Ancaster Tennis Club

KW/dt