



**CITY OF HAMILTON**

**CORPORATE SERVICES DEPARTMENT**  
**Financial Planning & Policy Division**

*and*

**COMMUNITY AND EMERGENCY SERVICES DEPARTMENT**  
**Recreation Division**

<b>TO:</b> Chair and Members Audit, Finance and Administration Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> December 9, 2013	
<b>SUBJECT/REPORT NO:</b> Rosedale Tennis Club Loan Request (FCS13100/CS13057) (City Wide)	
<b>SUBMITTED BY:</b> Mike Zegarac Acting General Manager Finance & Corporate Services  Vicki Woodcox Acting General Manager Community Services	<b>PREPARED BY:</b> Charlie Elliott (905) 546-2424 ext. 2162  Bryan Ozorio (905) 546-2424 ext. 7017
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the City of Hamilton provide an interest free loan to the Rosedale Tennis Club in an amount not to exceed \$180,000 for the replacement of the tennis bubble at Gage Park in accordance with the City's External Loan Guidelines to be repaid in full within 15 years from the date of the loan advance;
- (b) That the loan be repaid with annual payments on the anniversary dates of the loan advance as reflected in the repayment schedule attached hereto as Appendix "B" to Report FCS13100/CS13057;
- (c) That a Long Term Receivable account be established to record the Loan Receivable on the City's books;
- (d) That the City Solicitor and the Acting General Manager, Finance and Corporate Services be authorized to draft the loan agreement for execution by the Mayor and City Clerk.

**EXECUTIVE SUMMARY**

The Rosedale Tennis Club is a not-for-profit community based public tennis club that has been located in Gage Park since 1917. The Rosedale Tennis Club has requested a \$180,000 interest-free loan to assist with funding the replacement of the tennis bubble.

The total project cost is approximately \$220,000 including the bubble replacement, upgrading to a suspended lighting system and installation of a new emergency door. The tennis club will fund approximately \$40,000 of the project cost with funds accumulated from membership revenues. The balance of \$180,000 would be funded from the requested loan.

The City's External Loan Guidelines, as per Report FCS06078 and Report FCS06078(a), provides for interest free loans to organizations for upgrades or enhancements to City owned facilities or properties. As the Rosedale Tennis Club is situated in a City owned park (Gage Park), the tennis club qualifies for an interest free loan as the new tennis bubble enhances the park's amenities and enables the club to continue offering year round tennis to City residents.

***Alternatives for Consideration – See Page 5***

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS** (for Recommendation(s) only)

**Financial:** The City will forgo interest of approximately \$64,700 over the 15 year term of the interest free loan (or \$4,313 on average annually) compared to an interest bearing loan at a rate of 4.11%. The rate of 4.11% is the City's current 15 year external borrowing rate of 3.86% plus 0.25% to cover administration costs as prescribed in the City's External Loan Guidelines, which applies to organizations that don't qualify for an interest free loan.

The loan will be set up on the City's books as a Long Term Receivable, therefore a funding source for the loan is not required to be identified.

**Staffing:** NA

**Legal:** Legal Services will be required to draft a Loan Agreement between the City of Hamilton and the Rosedale Tennis Club for execution by the Mayor and City Clerk.

**HISTORICAL BACKGROUND** (Chronology of events)

The interest free loan request in the amount of \$180,000 for the replacement of the tennis bubble was received by the City from the Rosedale Tennis Club by way of the letter dated September 10, 2013, attached as Appendix "A" to Report FCS13100/CS13057. At the meeting of September 25, 2013, City Council received this correspondence and referred it to the Acting General Manager, Finance and Corporate Services and the General Manager, Community Services for a joint report back to the Audit, Finance & Administration Committee.

**POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS**

The revised External Loan Guidelines approved by Council on April 11, 2007 in Report FCS06078(a) provides for interest free loans to organizations for upgrades or enhancements to City owned facilities or properties.

The recommendations in Report FCS13100/CS13057 were prepared in accordance with those External Loan Guidelines.

**RELEVANT CONSULTATION**

The Rosedale Tennis Club was contacted to provide a copy of the latest Financial Statements. A copy of the Rosedale Tennis Club Inc. financial statements for the fiscal year ending September 30, 2012 were received by staff.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

The Rosedale Tennis Club is a not-for-profit community based tennis club that has been located in Gage Park since 1917. The tennis club has been providing year round tennis to City residents for the past 32 years. The clubhouse building used by the tennis club is owned by the City of Hamilton, which is responsible for all capital repairs to the building. The rest of the tennis facilities, including the tennis bubble, are the responsibility of the Rosedale Tennis Club.

The present tennis bubble has reached the end of its useful life and was deemed unsuitable for continued use due to safety concerns. In order for the tennis club to continue offering year round tennis, a new bubble is required.

The Rosedale Tennis Club is also investing \$40,000 for other improvements to the tennis facility including upgrades to the lighting system and installing a new emergency door, in addition to the \$180,000 being requested as a loan for the new bubble. The \$40,000 is being funded from accumulated membership revenues.

The interest free loan request from the Rosedale Tennis Club is considered to be eligible as it meets the requirements of the Council approved External Loan Guidelines in Table 1 below. Specifically, the Rosedale Tennis Club, situated in a City owned park (Gage Park), qualifies for an interest free loan as the loan is required for “upgrades or enhancements to City owned facilities or properties” as the new tennis bubble enhances the park’s amenities and enables the club to continue offering year round tennis to City residents.

The City has had a licence agreement in place with the Rosedale Tennis Club to access the clubhouse building since 1999. The licence agreement will be updated to reflect the installation of the new bubble and updated terms, after the loan agreement has been executed.

Staff have received and reviewed a copy of the Rosedale Tennis Club’s 2012 Financial Statements which indicate a favourable net asset position.

**Table 1: Loan Eligibility Criteria**

Eligibility Criteria as per Appendix "A" to FCS06078(a)	Is Condition Met?
Part 4 of Appendix "A" to FCS06078(a)	
a) Applicant is incorporated as a Not-For-Profit Organization	Yes
b) Applicant's Board of Directors will assume responsibility for administration of the funding	Yes
c) Applicant's loan request will fund one-time capital expenditure	Yes
d) Applicant's capital expenditure provides benefits within City boundaries	Yes
e) Applicant is in good financial standing with the City	Yes
f) Applicant provides equal access to programs	Yes
g) Applicant demonstrates clear boundaries between religious activities and project being funded	Yes
Part 8 of Appendix "A" to FCS06078(a)	
• Loan is provided for upgrades or enhancements to City owned facilities or properties	Yes

**ALTERNATIVES FOR CONSIDERATION**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

An alternative to an interest free loan would be to provide an interest bearing loan in the amount of \$180,000. The rate of interest on a 15 year loan would be 4.11% in accordance with the City's External Loan Guidelines for loans to not-for-profit organizations.

The annual repayment on an interest bearing loan would be \$16,314 for 15 years including interest, compared to \$12,000 annually for an interest free loan. The total interest for the 15 year term of the loan amounts to \$64,713.

**ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:**

**Strategic Priority #1**

A Prosperous & 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**

- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

**Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.*

<b>APPENDICES / SCHEDULES</b>
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- Appendix "A" to Report FCS13100/CS13057 - Copy of letter from Rosedale Tennis Club requesting an interest free loan
- Appendix "B" to Report FCS13100/CS13057 - Loan Repayment Schedule

## Appendix "A" to Report FCS13100/CS13057

September 10, 2013

Mayor and Members of Council  
City of Hamilton  
71 Main St W  
Hamilton, ON L8P 4Y5

Dear Mayor Bratina,

Please find enclosed an unsolicited request from Rosedale Tennis Club located in Gage Park, Hamilton for an interest free loan in the amount of \$180,000.00. This will allow for the continuation of our winter tennis program for the next 20 years. We will repay the loan over a 15 year period on terms agreed to with the City. We are asking for your support to have our request submitted to Committee and Council for consideration. Specifically we are seeking an interest free loan to assist with the replacement of our tennis bubble. The bubble that had been in use for the past 10 years was deemed unsuitable for continued use due to safety concerns. Along with the bubble the lighting system was also identified by the ESA as deficient.

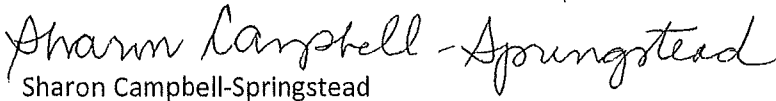
In March we submitted an application to the Ontario Trillium Foundation for funding to address the problems identified but were denied because we had received support in the past.

In addition to a new insulated bubble it has been recommended that we install a new emergency door and upgrade to a suspended lighting system. These improvements will increase safety and reduce costs.

Rosedale Tennis Club has been operating for almost 100 years and for the past 32 seasons has offered year round tennis to the Hamilton community. The winter season is approaching and a new bubble is urgently needed to maintain the existing program level.

If you would like to meet to discuss this request please contact myself at 905-547-6383 or alternatively the club manager, Vincent Ormond at 905-545-5205. We are available to meet with you at any time.

Yours very truly,

  
Sharon Campbell-Springstead  
President, Rosedale Tennis Club

cc. Councillor Morelli

**Rosedale Tennis Club Loan Request for Tennis Bubble Replacement  
Repayment Schedule**

**Principal: \$180,000**  
**Interest Rate: 0.0%**  
**Term (Years): 15**

Year	Payment	Interest	Principal	Outstanding
				\$180,000
1	\$12,000	\$0	\$12,000	\$168,000
2	\$12,000	\$0	\$12,000	\$156,000
3	\$12,000	\$0	\$12,000	\$144,000
4	\$12,000	\$0	\$12,000	\$132,000
5	\$12,000	\$0	\$12,000	\$120,000
6	\$12,000	\$0	\$12,000	\$108,000
7	\$12,000	\$0	\$12,000	\$96,000
8	\$12,000	\$0	\$12,000	\$84,000
9	\$12,000	\$0	\$12,000	\$72,000
10	\$12,000	\$0	\$12,000	\$60,000
11	\$12,000	\$0	\$12,000	\$48,000
12	\$12,000	\$0	\$12,000	\$36,000
13	\$12,000	\$0	\$12,000	\$24,000
14	\$12,000	\$0	\$12,000	\$12,000
15	\$12,000	\$0	\$12,000	\$0
<b>Total</b>	<b>\$180,000</b>	<b>\$0</b>	<b>\$180,000</b>	