



**MARKHAM SPORTS, ENTERTAINMENT AND CULTURAL CENTRE
SUB- COMMITTEE**

**Monday, October 7, 2013 – 12:00 noon
Canada Room**

MINUTES

<u>Attendance:</u> Mayor Frank Scarpitti - Chair Deputy Mayor Jack Heath – Vice Chair Regional Councillor Jim Jones Regional Councillor Gord Landon Regional Councillor Joe Li Councillor Valerie Burke Councillor Howard Shore Councillor Don Hamilton Councillor Carolina Moretti Councillor Colin Campbell Councillor Alan Ho Councillor Logan Kanapathi Councillor Alex Chiu	<u>Staff:</u> Andy Taylor, Chief Administrative Officer Jim Baird, Commissioner of Development Services Trinela Cane, Commissioner of Corporate Services Brenda Librecz, Commissioner of Community Services Catherine Conrad, City Solicitor Stephen Chait, Director of Economic Development Denis Flaherty, Director, Corporate Communications Joel Lustig, Treasurer Shane Manson, Manager, Tax & Assessment Policy Don Taylor, Manager, Executive Operations Mark Visser, Senior Manager, Financial Strategy & Investments Kitty Bavington, Council/Committee Coordinator
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The Markham Sports, Entertainment, and Cultural Centre Sub-committee meeting convened at 12:38 pm with Mayor Frank Scarpitti presiding as Chair.

The Committee recessed at 1:30 p.m. and reconvened at 2:03 p.m.

1. Disclosure of Interest – None Disclosed

2. Review of Approved Financial Framework

Andy Taylor, CAO, reviewed the financial framework approved by Council on April 26, 2012, and responded to questions from the Committee.

**3. Update on Financial Arrangements
Re: Markham Sports, Entertainment and Cultural Centre**

Andy Taylor, CAO, provided an update on the financial arrangements involving recent changes to the private sector proposal. Previously, the City had proposed to borrow the full \$325m cost of the Centre; currently, the private sector is proposing to pay all costs above the City's share of \$162.5m, to be financed externally by Canaccord Genuity and Jeffries LLC. Mr. Taylor reviewed the credentials of these leading investment banking firms, and noted that the financiers consider the project to be a valid investment.

Additionally, no Section 37 funds will be used, and negotiations are underway to secure prepayments and guarantees from the development community to eliminate the Special Levy. The revised proposal will transfer as much risk as possible to the private sector.

A comparison of the two proposals was presented, outlining: borrowing amount; arena revenues; development contributions; Section 37; Tax Increment Financing (TIF); Municipal Capital Facility designation; and operating and maintenance cost responsibilities.

The Committee discussed the 20-year term for the Special levy, Section 37 funds, and the progress of the negotiations. It was requested that an in-camera matter be discussed.

Moved by: Deputy Mayor Jack Heath
Seconded by: Councillor Howard Shore

That the Markham Sports, Entertainment and Cultural Centre Subcommittee recess to reconvene General Committee.

CARRIED

The Committee recessed at 1:30 p.m. and reconvened at 2:03 p.m.

When discussions resumed, Mayor Frank Scarpitti advised that the City has an enforceable agreement which obligates Remington to convey title to six acres of land adjacent to Highway 407, contingent on the GTA Centre being built. Staff confirmed that Markham would still own the land and facility, and that Remington is still involved in the project to some degree.

The Committee discussed the municipal interest rate, currently 4%; continued negotiations with Global Spectrum; agreements and guarantees of operating costs; fixed construction price and cost overrun responsibilities; revised figures for the worst-case scenario; Tax Increment Financing; payment schedule during construction; projected revenues; return of investment for investors; and if any other documentation has been obtained from the investors. It was suggested that consideration be given to completing the Markham Centre Secondary Plan and in the City being responsible for underground parking only.

Staff advised that approximately \$10m has been collected in charges to date. With respect to a third party continuing with the Site Plan application, staff advised that the property owner (Rudy Bratty) would have to authorize any agent to act on his behalf, as the owner of the property. If the project proceeds, the next phase will determine the detailed design and costs that will be used in the agreements.

The Committee was advised that negotiations to improve the proposal are ongoing, and it was suggested that the Special Council meeting scheduled for October 15 and 16 to discuss the MSECC be deferred, to enable a more complete proposal to be brought forward rather than a work in progress.

Moved by: Councillor Alex Chiu
Seconded by: Councillor Alan Ho

That the Special Council meeting scheduled for October 15 and 16, 2013 to consider a Motion regarding the Markham Sports, Entertainment and Cultural Centre, be deferred to a date to be determined at the end of November, 2013, to allow for continued negotiations.

CARRIED

ADJOURNMENT

The Markham Sports, Entertainment, and Cultural Centre Sub-committee meeting adjourned at 3:15 p.m.