

Questions from Councillors Jeff Knoll and Marc Grant

6. As part of the proposal, the hospital board would turn over the lands for the existing OTMH facility in South-East Oakville.

i) What are the actual details of the land transfer (lot size, characteristics, etc.)?

The actual lot size is approximately 14 acres, including the hospital and high school sites, but excludes the long-term care facility site.

ii) Who is responsible for demolishing buildings?

The hospital is giving the town the site “as is, where is” so the town would be responsible for demolition.

iii) What would the town’s financial obligations be with respect to the former Oakville-Trafalgar High School that is on site? This is a designated, historically significant building – under town ownership, we would come under considerable pressure to address this ageing and deteriorating building – what costs would be involved and has the hospital allocated any resources for this prior to a proposed transfer.

The town would also acquire the old high school “as is, where is”. The town would take on responsibility for the heritage building. There is no recent assessment of the costs to repair the building but they would be significant.

iv) Are there any leases or other encumbrances that would be inherited as a result of the transfer? If so, what are they and would they interfere with our ability to make long-term plans for the property.

The southern portion of the property with the seniors’ residence would require a severance. The hospital has confirmed that they may dispose of the remainder of the land to the town free of encumbrances save and except a number of usual encumbrances such as utilities, regional and municipal easements.

v) What are the environmental liabilities that would result in the demolition of the building on site? Who is responsible for those and would there be an indemnifier covenant in case something is discovered later?

The hospital is giving the land to the town “as is, where is” so the town is responsible for any demolition activity and would not have any further indemnification. The hospital has provided the town with a preliminary cost estimate of approximately \$8 million based on average hospital demolition and site rehabilitation costs.

vi) Is the title to the land clear and can a transfer be done without any challenges or restrictions on use?

The hospital has confirmed that they may dispose of the land to the town free of encumbrances save and except a number of usual encumbrances as noted in (iv) above.

vii) What is the actual market value for the lands based on various use scenarios (I would assume that Council would be under intense pressure to not develop it at highest and best use) and what costs would we incur to get to a point that reuse/resale could be considered?

We do not have a formal land appraisal that provides current market value. The site is designated as a special policy area under the Livable Oakville Plan. The planning process will then set the official plan designation which helps determine the highest and best use for the site from which we would determine market value.

7. Based on the current proposal, the town is being requested to pay the requested local share contribution up front and borrow the money to finance it. We understand that Infrastructure Ontario has offered to finance the deal for the Town at a rate of 4.97%/annum is that rate fixed for the entire term of the loan? Based on the answer to this, what are the total costs, principal and interest, based on a thirty year pay back?

At this point in time, no fixed interest rate has been confirmed. Estimates have ranged from 4.7% to 5%. This is one of the issues town staff is pursuing. Final costs and interest rates are not scheduled to be finalized until 2011.

As an estimate, a straight debt repayment of \$200 million over 30 years at an interest rate of 4.97% would be approximately \$388 million. The town is also looking at other potential repayment models and interest rates and costs will vary depending on the scenario. Should this Council support a financial commitment to the new hospital, a future Council will be required to assess potential repayment scenarios.

18. Could we use the proceeds of the recent sale of Blink to offset the ultimate contribution that is agreed to by the Town? If Oakville Hydro makes this contribution directly as a “gift to the crown” does this potentially reduce tax liability to OHDI for the revenue resulting from the sale?

In doing so, this money could be set up as a fund earning return until the time when the actual payment is required. Perhaps the Oakville Community Foundation, who have an excellent track record at earning high returns on their investments, could be asked to manage such a fund until the “substantial completion of construction in late 2014.” Profits from such an investment can be used to offset the ultimate local share cost.

Oakville Hydro is scheduled to report to Council on its sale of Blink in the second quarter of this year. The town established Oakville Hydro Corporation as a separate company and under the *Ontario Business Corporations Act*, the Board of Oakville Hydro owes its fiduciary responsibility to the best interests of the Corporation. While the town expects to receive a special dividend, staff does not want to speculate on how the proceeds from the sale of Blink might be used without receiving this report from Oakville Hydro.