

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JULY 19, 2016
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	OFFER TO PURCHASE INDUSTRIAL LANDS BRUDER REALTY LTD. LOT 7 - RIVER ROAD INDUSTRIAL PARK

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, on the advice of the Manager of Realty Services, with respect to the City owned industrial land located on the west side of Scanlan Street, in the River Road Industrial Park, containing an area of 2.32 acres, being comprised of Lot 7, Plan 33M-415, as outlined on the sketch attached hereto as Schedule "A", the following actions be taken:

- a) **ACCEPT** the offer submitted by Bruder Realty Ltd. (the "Purchaser") to purchase the subject property from the City, at a purchase price of \$162,400.00 (reflecting a sale price of \$70,000.00 per acre); and
- b) the attached proposed By-law (Appendix "B") **BE INTRODUCED** at the Municipal Council meeting to be held on July 26, 2016, to approve and authorize the Mayor and the City Clerk to execute the Agreement of Purchase and Sale.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Municipal Council – December, 2002 - Offer to Purchase Industrial Lands – Lot 6, Plan 33M-415, River Road Industrial Park.

BACKGROUND

This Offer to Purchase is from a local manufacturing, warehousing and distribution company of automotive exhaust hardware. In 2003, they purchased 1.37 acres from the City of London in River Road Industrial Park for the construction of a 9,500 square foot manufacturing facility. At that time they had 8 full-time employees. In 2011, they completed construction of an 8,000 square foot expansion to their existing facility and hired an additional 7 full-time employees. With this new expansion, they intend to hire an additional 7 full-time employees, totalling 22 employees for their business.

In the past few years, their production output has increased significantly. In early 2016, the company commenced construction on another 4,500 square foot addition. With this recent expansion, their building will now measure 22,000 square feet, and represents a lot coverage of 37 percent (37%). In order to support their long-term growth plans, they are purchasing Lot 7 to house a future 20,000 square foot warehouse to support their 22,000 square foot manufacturing operation. This would represent 20% building coverage of Lot 7, and an overall building coverage of 26% of the two lots merged.

The authorized sale price for a parcel of this size is \$75,000.00 per acre. The proposed price of \$70,000.00 per acre is due to the irregular shape of the lot. The City's Finance and Corporate Services Department has projected the assessed value to be \$1,462,400.00. Municipal taxes would be approximately \$33,496.00 per year. A \$16,240.00 deposit has been received and deposited by the Finance and Corporate Services Department.

The sale of Lot 7 would result in the River Road Industrial Park being 81 percent (81%) sold out, with one lot remaining at 8.47 acres.

The Agreement of Purchase and Sale is attached as Schedule "B".

Acknowledgement

This report has been prepared with assistance from Diane Coffin, Industrial Land Officer.

PREPARED BY:	SUBMITTED BY:
ADAM OSTROWSKI MANAGER I, REALTY SERVICES	BILL WARNER MANAGER OF REALTY SERVICES
RECOMMENDED BY:	
MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER	

July 7, 2016

cc: Mark Henderson, Director of Business Liaison
 Kapil Lakhotia, General Manager, LEDC
 David G. Munteer, Solicitor II

SCHEDULE "A"



SCHEDULE "B"

AGREEMENT OF PURCHASE AND SALE
CORPORATION OF THE CITY OF LONDON

PAGE 1

CLASS 2 SALE

THIS INDENTURE dated the 23 day of June, 2016,

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON

hereinafter called the VENDOR

- and -

BRUDER REALTY LTD.

Address: **2355 Scanlan Street, London, ON N5W 6G9**

hereinafter called the PURCHASER

1. The Purchaser, having inspected the lands and premises hereinafter described, hereby offers to purchase from the Vendor the lands and premises situated in **River Road Industrial Park**, in the City of London, in the County of Middlesex, containing **2.32** acres, more or less subject to survey, located on the south side of Scanlan Street, and being composed of **Lot 7 of Plan 33M-415**, being PIN 081320275, and shown outlined in red on the plan attached hereto as Schedule "C" to this Agreement, for the price of approximately

One Hundred and Sixty-Two Thousand Four Hundred Dollars **(\$162,400.00)**
of lawful money of Canada calculated at the rate of

Seventy Thousand Dollars **(\$70,000.00)**
per acre, with all normal municipal services available in the road allowance.

The Purchaser submits

Sixteen Thousand Two Hundred and Forty Dollars **(\$16,240.00)**
cash (or bank draft or certified cheque) payable to the City Treasurer, City of London, as deposit to be held by the Vendor pending completion or other termination of the agreement arising from the acceptance of this Agreement and to be credited towards the purchase price on completion, and the balance of the purchase price to be paid on the date of completion.

2. Provided the title to the property is good and free from all encumbrances, except as otherwise expressly provided herein, and except as to any registered easements, restrictions or covenants that run with the land, or municipal by-laws, or other governmental enactments, providing that such are complied with.

3. The Purchaser shall not call for the production of any title deed, abstract, survey or other evidence of title except as may be in the possession or control of the Vendor, unless otherwise provided herein.

4. The Purchaser is to be allowed 30 days from the date of acceptance of this Agreement to examine the title at his own expense. If within that time any valid objection to title is made in writing to the Vendor which the Vendor is unable or unwilling to remove, remedy or satisfy and which the Purchaser will not waive, this Agreement, notwithstanding any intermediate acts or negotiations in respect of such objection shall be at an end, and all monies theretofore paid shall be returned to the Purchaser without interest or deduction, and the Vendor shall not be liable for any costs or damages. Except as to any valid objection so made within such time, and except for any objection going to the root of the title, the Purchaser shall be conclusively deemed to have accepted the Vendor's title to the property.

5. The Purchaser is to be allowed 30 days from the date of acceptance of this Agreement to carry out soil tests as it might reasonably require. Any such testing shall first be approved by the City Engineer and shall be at the sole risk and expense of the Purchaser. If such tests are carried out, the Purchaser agrees to restore the property to its original condition. If the property is not so restored, the vendor may carry out required restoration and without limiting the rights of the Vendor, the cost thereof may be

recovered from the deposit. If, within that time, any valid objection to soil conditions is made in writing to the Vendor, which the Vendor is unable or unwilling to remove, remedy or satisfy, and which the Purchaser will not waive, this Agreement notwithstanding any intermediate acts or negotiations in respect of such objection, shall be at an end and all monies theretofore paid shall be repaid or returned to the Purchaser without interest or deduction and the Vendor shall not be liable for any costs or damages. Except as to any valid objection so made within such time, the Purchaser shall be conclusively deemed to have accepted the soil conditions on the property.

6. The transaction of purchase and sale to be completed within 90 days from the acceptance of this Agreement. Vacant possession of the property shall be given to the Purchaser on the date of completion, unless otherwise provided herein.

7. This Agreement, when accepted, shall constitute a binding contract of purchase and sale between the Purchaser and Vendor and time shall, in all respects, be of the essence thereof, provided that the time for the doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing, signed by the Vendor and the Purchaser or by their respective solicitors who are hereby expressly appointed in this regard. It is agreed that there is no condition, expressed or implied, representation, warranty, or collateral agreement affecting this Agreement or the property or supported hereby, except as expressed herein in writing.

8. The Deed or transfer shall be prepared in registerable form at the expense of the Vendor by its solicitor. Each party shall pay the cost of registration and taxes on his own documents.

9. Provided that, notwithstanding any terms or conditions outlined in the printed wording herein, any provisions written into the Agreement at the time of the signing of the Agreement by the Purchaser shall be the true terms and shall supersede the printed portion in respect of the parts affected thereby. This Agreement and its acceptance shall be read with all changes of gender or number required by the context and shall be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns, as the case may be.

10. As a condition of this Agreement, the Purchaser hereby agrees to submit a declaration of intent which outlines the proposed uses of the property. This declaration is attached hereto as Schedule "A" and forms part of the Agreement.

11. As a condition of this Agreement, the Purchaser hereby agrees to be bound by the Policy of The Corporation of the City of London with respect to the sale and/or transfer of City-owned, serviced, industrial land, which Policy is attached hereto as Schedule "B" to this Agreement, it being the intent of the parties hereto that the provisions of the said "Policy" shall survive the closing of this transaction to such extent as may be required to give effect to the said Policy. As a further condition of this Agreement, the Purchaser agrees to accept a Deed with respect to the land herein described in a form sufficient to give effect to the said Policy.

12. Any tender of documents or money desired hereunder may be made upon the solicitor acting for the Vendor or Purchaser, and it shall be sufficient that a Bank Draft or Certified Cheque may be tendered instead of cash.

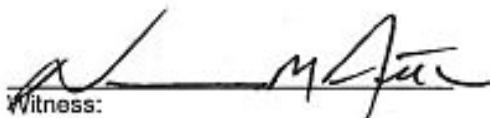
13. Schedules A, B, C, and D attached hereto form part of this Agreement.

14. This Agreement shall be irrevocable and open for acceptance until 11:59 p.m. (local time) on the 30th day of August, 2016, after which time, if not accepted, this Agreement shall be null and void and the deposit shall be repaid to the Purchaser without interest or deduction.

IN WITNESS WHEREOF the Purchaser, if a person, has hereunto set his hand and seal or, if a corporation, has hereunto affixed its Corporate Seal duly attested to by its proper signing Officers this 23 day of June, 2016.

SIGNED, SEALED & DELIVERED

in the presence of


Witness:

) BRUDER REALTY LTD.
)
) 
) _____
) Signature of Signing Officer
) Name & Title: Patrick K. Bruder, President
) I have authority to bind the Corporation
)
)
)
) _____
) Signature of Signing Officer
) Name & Title:
) I have authority to bind the Corporation

ACCEPTANCE

The Vendor accepts the above Agreement.

THE CORPORATION OF THE CITY OF LONDON

Paul Hubert, Deputy Mayor

Catharine Saunders, City Clerk

NOTE: Schedule "A" attached - "Purchaser's Declaration of Intent"
Schedule "B" attached - "City-owned Serviced Land Sale Policy"
Schedule "C" attached - "Excerpt from Plan Outlining Property in Red"
Schedule "D" attached - "Additional Terms and Conditions"

SCHEDULE "A"


PURCHASER'S DECLARATION OF INTENT TO DEVELOP AND PROPERLY UTILIZE THE PROPERTY, WHICH DECLARATION FORMS PART OF THE AGREEMENT OF PURCHASE AND SALE

The Purchaser hereby declares, and it is understood and agreed between both parties, that the property will be used for the following purposes; and the Purchaser undertakes to take all reasonable steps to fulfil these commitments; which undertaking shall survive and not merge in the closing of the transaction.

INFORMATION REQUIRED FROM PURCHASER BEFORE AGREEMENT SUBMITTED FOR APPROVAL

Industrial Park Name & Phase & Section:	River Road Industrial Park
Lot & Conc./Part No./Block, etc.; Acres:	Lot 7, Plan 33M-415 (2.32 Acres)
Name, Address, Postal Code of Purchaser:	Bruder Realty Ltd., 2355 Scanlan St, London, ON N5W 6G9
Local Company: <u>Yes</u>	
Intended Use of Building - (Describe):	Exhaust Hardware Manufacturing/ Warehousing & Distribution
Major Industrial Classification of User:	Manufacturing/Distribution
List of Products Manufactured/Handled:	Automotive Exhaust Products
Number of Employees Anticipated:	15 (Full Time)
Number of Square Feet of Building Proposed:	20,000 sq ft.
Number of Square Feet in Property Purchase:	101,060 sq ft.
Proposed Building Coverage as % of Lot Area:	20 percent (%)
Mandatory Building Coverage:	15 percent (15%)
Future Building(s) Proposed (if any) Details:	Drawings to be supplied at a later date
Proposed Building Material for this Project:	Pre- Fabricated. Steel Clad
Development of the Lot will be subject to:	Site Plan & Architectural Control
Proposed Commencement Date of Construction:	One Year from Date of Deed
Mandatory Commencement Date of Construction:	One Year from Date of Deed
Purchaser's Lawyer - Name, and Address:	Norman M Aitken, 390 Commissioners Road West, Suite 201, London Ontario N6J 1Y3 519-472-8463; Fax 519-472-8331
Telephone:	

Purchaser's Executive Completing this Form:
(Executive's Name Typewritten Here)
(The Above Executive's Title Typewritten Here)
(Company Name Typewritten Here)



(signature) Patrick Bruder, President
I have authority to bind the Corporation
BRUDER REALTY LTD.

Paul Hubert, Deputy Mayor

Catharine Saunders, City Clerk

SCHEDULE "B"

Excerpt from By-law No. A-6151-17, Schedule A, Attachment A entitled "Disposal of Industrial Land Procedures"

Disposal of Industrial Land Procedures

1. The purpose of this policy is to establish the terms upon which City-owned serviced industrial land is to be sold and transferred.
2. This policy is to be read and applied fairly and beneficially with such variations as circumstances or the nature of the subject matter require provided the general purpose, intent, meaning and spirit of the policy are maintained.
3. In this policy,
 - (a) Commencement of construction means the date upon which a building permit is issued by the City;
 - (b) Completion of construction is reached when the building or structure or a substantial part thereof is ready for use or is being used for the purpose intended, and;
 - (c) Coverage has the meaning ascribed to it under the applicable zoning by-law.

CLASS 1 SALE

4. A class 1 sale is a sale of a land for the purpose of the construction thereon of a building or structure for a detached industrial use.
5. A class 1 sale shall be subject to the following conditions:
 - (a) The purchaser shall commence construction within one year of the registration of the deed or transfer and shall diligently complete construction of the building or structure, in default of which the purchaser shall in the sole discretion of the City reconvey the land to the City in accordance with Section 18 of this policy and free and clear of all encumbrances, easements, restrictions or covenants except as to those originally assumed by the purchaser from the City.
 - (b) The minimum coverage of the building or structure shall be 15 per cent, provided however that, where the maximum coverage permitted under the applicable zoning by-law is 15 percent or less, the maximum coverage under the zoning by-law shall be deemed to be the minimum coverage required by this condition.
 - (c) The purchaser shall not within 10 years of the registration of the deed or transfer convey any vacant part of the land by deed, transfer, grant, assignment, appointment, mortgage, charge, lease or sub-lease (Planning Act, R.S.O. 1990, Chapter P .13), without first notifying the City and, where it has been so notified, the City may either grant its consent (which shall not be unreasonably withheld) to the conveyance or application or may in its sole discretion require the purchaser to reconvey the vacant part to the City in accordance with Section 18 of this policy and free and clear of all encumbrances, easements, restrictions or covenants except as to those originally assumed by the purchaser from the City.
 - (d) The purchaser shall pay local improvement charges and any other special levies assessed at any time against the land on and after completion of the purchase.
6. The Manager of Realty Services may grant one or more extensions (which in total shall not exceed two years) of the time set out in paragraph 5 (a) of Section 5 of this policy within which construction of a building or structure is to be commenced provided the purchaser has filed a written request with the Manager of Realty Services for the extension.
7. A purchaser wishing to notify the City under condition 5 (c) of this policy shall file a written request with the Manager of Realty Services who shall submit a recommendation thereon to Council through the Corporate Services Committee.

CLASS 2 SALE

8. A class 2 sale is a sale of a land for the purpose of the extension or enlargement of a building or structure erected or to be erected upon land of the purchaser abutting the land.
9. A class 2 sale shall be subject to conditions (c) and (d) of Section 5 of this policy and the further condition that the land shall not be used for any purpose other than the extension or enlargement of a building or structure erected or to be erected upon lands of the purchaser abutting the land.

CLASS 3 SALE

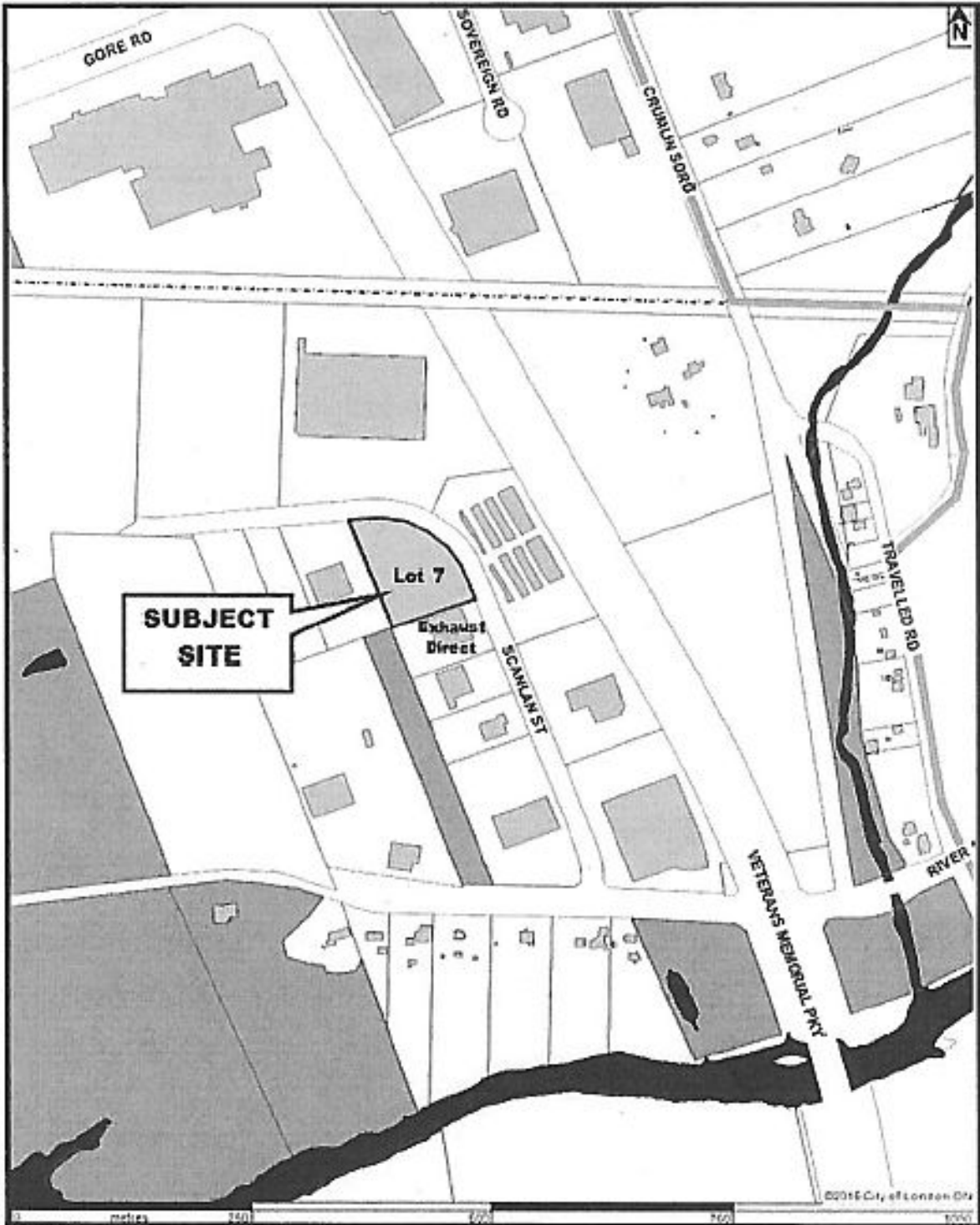
10. A class 3 sale is a sale that is not a class 1 or class 2 sale and that is a sale of a land for the purpose of a use ancillary to a building or structure erected or to be erected upon land of the purchaser abutting the parcel.
11. A class 3 sale shall be subject to conditions (c) and (d) of Section 5 of this policy and the further condition that the land shall not be used for any purpose other than a use ancillary to a building or structure erected or to be erected upon land of the purchaser abutting the parcel.

GENERAL

12. At least annually, the Manager of Realty Services shall review the pricing of industrial land and if a change in pricing is recommended, shall make a recommendation to Board of Control as to the price per acre at which land should be offered for sale during the ensuing year.
13. Pending receipt of an offer to purchase from a prospective purchaser, land may be reserved for a period of 30 days, provided however that, if during the reserve period the City receives an offer to purchase the same land in accordance with this policy from another prospective purchaser, the first prospective purchaser shall be allowed 5 days after notification within which to submit an offer to purchase at the same price and on the same terms; otherwise the City shall be at liberty to accept the second offer to purchase.
14. A prospective purchaser shall complete and execute an offer to purchase in the form provided by the City accompanied by a deposit payable to the City Treasurer by cash or certified cheque equal to 10 per cent of the total purchase price, and the balance shall be payable subject to usual adjustments upon completion of the transaction.
15. The Manager of Realty Services may submit an offer to purchase for acceptance by the City.
16. The transaction shall be completed within 90 days of the passing of the by-law accepting the offer to purchase or within such further period as may be agreed to between the City Solicitor and the purchaser's solicitor in the best interests of the City.
17. Where, in the City's opinion, land is properly sold through a real estate agent, the City shall pay a fee to the agent not exceeding the scale established by the City upon completion of the transaction but no fee shall be payable if the purchaser is permitted to withdraw from the agreement of purchase and sale prior to the completion of the transaction.
18. Where the whole or any part of land is reconveyed by the purchaser to the City pursuant to a condition of sale or otherwise, the amount payable upon the reconveyance shall be 90 per cent of either the original purchase price (exclusive of interest thereon), if the whole land is reconveyed, or the portion thereof that is in the same ratio as the area of the reconveyed part is to the whole land, subject to adjustments as of the date of reconveyance for taxes, local improvements and other rates and subject, where the City considers necessary, to the City's withholding until a new purchaser is found, an amount sufficient to compensate the City for the cost of restoring the land to its original condition if so required by the new purchaser.
19. The development of the property will be subject to the requirements of the Architectural Control Guidelines as published by the City of London from time to time and the purchaser acknowledges the contents thereof and agrees to conform to those Guidelines.
20. The cost of service connections from the main to the property line is the responsibility of the purchaser.
21. The purchaser accepts the current condition of the site and the cost of removal of topsoil from the site if required is the responsibility of the purchaser.

SCHEDULE "C"

River Road Industrial Park



SCHEDULE "D"

Additional Terms and Conditions

HEADINGS

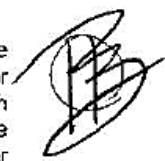
The headings in this agreement are for convenience of reference only and shall not define or limit the provisions of the agreement.

Paramouncy of Schedule "D"

The provisions of this Schedule "D" are in addition to and not in substitution for the standard provisions contained in the body of the Agreement of Purchase and Sale and in Schedule "B" thereto, provided that if the provisions of this Schedule "D" conflict or are inconsistent in any respect with such standard provisions, By-Law No. A-6151-17 or any policy of The Corporation of the City of London, the provisions of this Schedule "D" shall prevail and the aforesaid By-Laws and Policies shall be read with the corresponding amendments. Unless the context otherwise requires, the term "this Agreement" as used in the Agreement of Purchase and Sale and Schedules thereto shall mean the said Agreement of Purchase and Sale and all Schedules thereto.

Assignment of Agreement

At any time prior to closing the Purchaser may assign this Agreement to an affiliated corporation of the Purchaser, pursuant to the Ontario or Canada Business Corporations Act, and upon delivery to the Vendor of a notice of such assignment and a covenant by the assignee in favour of the Vendor pursuant to which the assignee agrees to assume all covenants and agreements to be kept, observed and performed by the Purchaser pursuant to this Agreement, the assignee shall be entitled to and bound by, and the Purchaser shall cease to be entitled to and shall be released from, all of the benefits and obligations of the Purchaser pursuant to this Agreement.



Sewage Sampling Manholes

The Purchaser is notified that inspection manholes, built to City of London standards, may be required to construct sewage sampling manholes, built to City standards in accordance with the City's Waste Discharge By-law No. WM-2, as amended, which regulates the discharge of sewage into public sewage systems. The inspection manholes are to be located wholly on private property, as close as possible to the street line, or as approved otherwise by the City Engineer.

Municipal Services and Roadway Easements

Subject to the Purchaser's right of review of the Vendor's easement requirements during the 'due diligence' period, following the closing of this transaction, the Purchaser will grant to the Vendor, for nominal consideration, servicing easements as may be required, and will be mutually acceptable to both parties.

Maintenance of Subject Lands until Closing

The City agrees to maintain the lands, at its expense until closing, and to cut the grass/ weeds once a month.

APPENDIX “B”

Bill No.

By-law No.

A By-law to authorize and approve an Agreement of Purchase and Sale between The Corporation of the City of London and Bruder Realty Ltd., and to authorize the Mayor and City Clerk to execute the Agreement.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS it is deemed expedient for The Corporation of the City of London (the “City”) to enter into an Agreement of Purchase and Sale with Bruder Realty Ltd. (the “Agreement”);

AND WHEREAS it is appropriate to authorize the Mayor and City Clerk to execute the Agreement on behalf of the City;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Agreement attached as Schedule “A” to this By-law, being an Agreement of Purchase and Sale between the City and Bruder Realty Ltd. is hereby AUTHORIZED AND APPROVED.
2. The Mayor and City Clerk are authorized to execute the Agreement authorized and approved under Section 1 of this by-law.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council

Matt Brown, Mayor

Catharine Saunders, City Clerk

First reading -
Second reading -
Third reading -