

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JANUARY 22, 2013
FROM:	BILL WARNER MANAGER REALTY SERVICES
SUBJECT:	REQUEST FROM LONDON MACHINERY INC TO EXTEND ITS OPTION ON PARTS 15 TO 19, PLAN 33R-17397 SKYWAY INDUSTRIAL PARK

RECOMMENDATION

That, on the recommendation of the Manager Realty Services, the following actions be taken:

- a) the request submitted by London Machinery Inc. to extend its option to purchase until June 30, 2014, on approximately 29.5 acres of land located on the west side of Robin's Hill Road, described as Parts 15 to 19, Plan 33R-17397, as outlined on the location map attached as Appendix "A" to this report, **BE APPROVED**; and
- b) the attached proposed By-law (Appendix "B") **BE INTRODUCED** at the Municipal Council meeting to be held on January 29, 2013, to approve this request and to authorize the Mayor and the City Clerk to execute the amended Option Agreement.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Board of Control Report - Nov. 14, 2007 (Offer to Purchase – London Machinery Inc.)
Board of Control Report - Dec. 17, 2007 (Amended Offer to Purchase – London Machinery Inc.)
Finance & Administration Committee Report – November 16, 2011 (Extension of Option)

BACKGROUND

On December 17, 2007, Municipal Council accepted an offer from London Machinery Inc. to purchase 15 acres of land and to option an additional 29.5 acres of land in Skyway Industrial Park at a purchase price of \$47,250.00 per acre until December 31, 2011. On November 21, 2011, Council approved an extension to the original option agreement until December 31, 2012.

This site is currently the home of London Machinery's 140,358 square foot facility, where they manufacture truck equipment including concrete mixers and garbage trucks. The 29.5 acre optioned land is required to support a major Canadian Department of National Defence military vehicle programme: the Standard Military Pattern portion of the Medium Support Vehicle system (MSVS).

As part of the Oshkosh Corporation, London Machinery will play a critical role working with the Oshkosh Defence and General Dynamics Land Systems-Canada (GDLS-C) Team, which is prequalified for the MSVS programme.

This programme calls for more than 850 vehicles with an option for another 850 and is valued at approximately \$1.2 billion. If awarded this contract, London Machinery's workforce alone could nearly double with the creation of a new plant. This new plant could also allow for the expansion of Oshkosh Corporation's product lines in Canada to include fire trucks and front-charge mixers.

At this time, London Machinery is requesting an additional 18 month extension as the Canadian Government will be announcing contract awards sometime in early 2014.

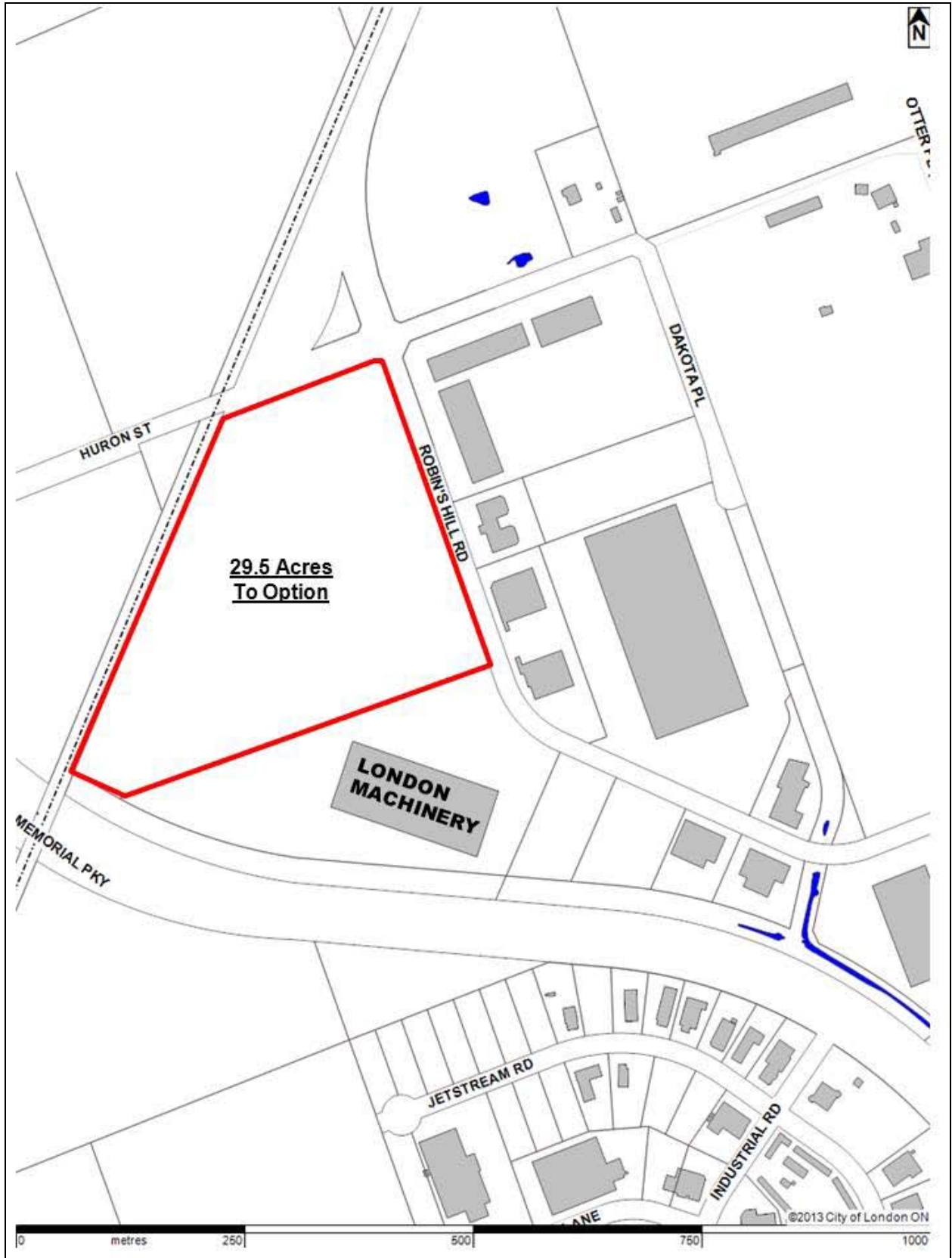
A location map of the subject property is attached as Appendix "A".

PREPARED BY:	RECOMMENDED BY:
DIANE COFFIN INDUSTRIAL LAND OFFICER	BILL WARNER MANAGER REALTY SERVICES

January 11, 2013

cc: Harvey Filger, Director of Corporate Investments & Partnership
Martin Hayward, Chief Financial Officer
David G. Mounteer, Solicitor II
Mark Henderson, Director of Business Liaison

APPENDIX "A"



APPENDIX "B"

Bill No.

By-law No.

A By-law to authorize an Option Agreement between The Corporation of the City of London and London Machinery Inc., and to authorize the Mayor and the 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 Option Agreement with London Machinery Inc., (the "Agreement");

AND WHEREAS it is appropriate to authorize the Mayor and the 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 Option Agreement between the City and London Machinery Inc., is hereby AUTHORIZED AND APPROVED.
2. The Mayor and the 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 on January 29 , 2013.

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First reading - January 29, 2013
Second reading – January 29, 2013
Third reading – January 29, 2013

SCHEDULE "A"

AMENDING AGREEMENT

THIS AMENDING AGREEMENT made as of the _____ day of January, 2013.

BETWEEN:

THE CORPORATION OF THE CITY OF LONDON
(the "Vendor")

OF THE FIRST PART;

- and -

LONDON MACHINERY INC.
(the "Purchaser")

OF THE SECOND PART;

WHEREAS:

- A. The Vendor and Purchaser entered into an Agreement of Purchase and Sale dated the 7th day of December, 2007, as amended by Amending and Waiver Agreement dated the 3 day of September, 2008 (the agreement as amended being herein referred to as the "Purchase Agreement"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the lands as therein described for the consideration and upon the terms and conditions set forth therein;
- B. Pursuant to the Purchase Agreement, the Vendor granted to the Purchaser the right and option to purchase approximately 29 acres of land as more particularly shown as Parcel 2 on Schedule "A" hereto (the "Option to Purchase");
- C. The Purchaser and Vendor have agreed to extend the Option to Purchase as more particularly set forth herein;

NOW THEREFORE in consideration of the mutual covenants and agreements set forth in this Agreement and the sum of \$10.00 paid by each of the Vendor and Purchaser to the other and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

- 1. Until June 30, 2014, the Purchaser shall have the option to purchase all or any part of Parcel 2 from the Vendor at a purchase price of \$47,250 per acre on the terms hereinafter set forth. The option shall be exercisable at any time on or prior to the Expiry Date, by the delivery by the Purchaser to the Vendor of written notice of such exercise, signed by the Purchaser, and in which Purchaser designates all or that portion of Parcel 2 in respect of which Purchaser is exercising the Option. On the delivery of such a notice of exercise, the Purchaser shall be obligated to purchase, and the Vendor shall be obligated to sell, that portion of Parcel 2 (or all thereof if such be the case) designated in the said notice on and subject to the same terms and conditions as are contained in the Vendor's then current standard form of offer to purchase industrial lands in the Skyway Industrial Park, with the closing of the transaction to occur on the first business day which is at least sixty (60) days after the date of exercise.
- 2. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall be deemed to constitute one and the same instrument.
- 3. This Agreement shall enure to the benefit of and be binding upon that parties and their respective successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as evidenced by the signatures of their properly authorized officers.

LONDON MACHINERY INC.

Per: _____
Name: Robert Monchamp
Title: General Manager
I have Authority to Bind the Corporation

THE CORPORATION OF THE CITY OF LONDON

Per: _____
Name: Joe Fontana
Title: Mayor

Per: _____
Name: Catharine Saunders
Title: City Clerk

We have Authority to Bind the Corporation

Schedule "A"

