

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON SEPTEMBER 8, 2020
FROM:	DAVID G. MOUNTEER ASSISTANT CITY SOLICITOR
SUBJECT:	PROPERTY ACQUISITION – 595 ADELAIDE ST. N.

RECOMMENDATION

That, on the recommendation of the Assistant City Solicitor, the following action **BE TAKEN** with respect to the property at 595 Adelaide St. N.:

- a) the attached proposed By-law (Appendix “A”) BE INTRODUCED at the Municipal Council meeting to be held on September 15, 2020 to appoint a Director of 1220109 Ontario Inc.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Relevant reports that can be found at www.london.ca under City Hall (Meetings) include:

- Environment and Transportation Committee - November 28, 2005 - Priority Setting Factors for Future Rail / Road Grade Separations
- Civic Works Committee - June 19, 2012 - London 2030 Transportation Master Plan
- Civic Works Committee - October 28, 2013 - Adelaide Street North / Canadian Pacific Railway Grade Separation Report
- Strategic Priorities and Policy Committee - June 23, 2014 - Approval of 2014 Development Charges By-Law and DC Background Study
- Civic Works Committee - January 5, 2016 - Environmental Assessment Appointment of Consulting Engineer
- Civic Works Committee - December 12, 2016 - Environmental Assessment Update
- Civic Works Committee - September 26, 2017 - Transport Canada Grade Crossing Regulations and Railway Funding Application
- Civic Works Committee - May 28, 2018 - Railway Rationalization
- Civic Works Committee - August 13, 2018 - Adelaide Street North / Canadian Pacific Railway Grade Separation Environmental Study Report
- Report of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer to the January 6, 2020 meeting of the Corporate Services Committee regarding the property acquisition – 595 Adelaide St. N., Adelaide Street CP Rail Grade Separation Project.

BACKGROUND

PROPERTY ACQUISITION – 595 ADELAIDE ST. N.

At its meeting on held on January 14, 2020 municipal council resolved that:

on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, with the concurrence of the Division Manager, Transportation Planning and Design and the Director, Roads and Transportation, on the advice of the Manager of Realty Services, with respect to the property located at 595 Adelaide Street North, further described as Part of Lot 6, west side of Adelaide Street, being the whole of PIN 08277-019 (LT), as shown on the location map attached, for the purpose of future road improvement to accommodate the Adelaide Street CP Rail Grade Separation Project, the following actions be taken:

- a) the offer submitted by 1220109 Ontario Inc., to sell the subject property to the City, for the sum of \$1,521,000.00, subject to the additional conditions as outlined in the Agreement of Purchase and Sale Schedule “A” **BE ACCEPTED**; and,
- b) the financing for this acquisition **BE APPROVED** as set out in the Source of Financing Report attached hereto as Appendix “A”.

The property at 595 Adelaide consisted of a convenience store and gas bar. Based on advice received from its business and tax professionals the owner insisted that the purchase be structured as an asset purchase whereby the City purchased the outstanding shares and all assets of the company/owner, including the land and buildings. The purchase price reflected value of the corporate assets including the repayment of shareholder advances to the business.

The transaction was completed on February 28, 2020 at which time the City became the sole shareholder of the numbered Ontario corporation (1220109 Ontario Inc.). The only remaining asset of the corporation is the land and it is intended that the land will be transferred into the name of the City. Before the corporation can transfer the property to the City, the corporate directors and officers must be appointed.

1220109 ONTARIO INC.

1220109 Ontario Inc. is an Ontario corporation, incorporated under the *Business Corporations Act*. The business affairs of the corporation are managed by a board of directors comprised of one to three directors. The directors are empowered to appoint officers. The City of London is the sole shareholder of the corporation as the owner of all the issued and outstanding shares of the corporation. It is the responsibility of the City as shareholder to appoint the directors of the corporation.

<p style="text-align: center;">DISCUSSION AND RECOMMENDATION</p>

In order for the Corporation to conduct any business including transferring title to 595 Adelaide St. to the City, the board of directors for the corporation must be appointed. Since the only activity that the corporation will be engaged in is the transfer of title, it is recommended that only one director be appointed. Since the business activity to be completed relates to real estate it is recommended that Bill Warner, Manager of Realty Services be appointed as director effective February 28, 2020. Following transfer of the Adelaide St. property the activities of the corporation will be wound up.

<p>PREPARED AND SUBMITTED BY:</p>
<p>DAVID G. MOUNTEER, ASSISTANT CITY SOLICITOR</p>

cc: Bill Warner, Manager of Realty Services
Sachit Tatavarti, Solicitor 1

APPENDIX "A"

Bill No.

By-law No.

A By-law to appoint a director of 1220109 Ontario Inc.

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 by virtue of share purchase agreement dated the 16th day of January, 2020 and completed on February 28, 2020 The Corporation of the City of London became the sole shareholder of 1220109 Ontario Inc.;

AND WHEREAS it is deemed expedient for The Corporation of the City of London to appoint a director of 1220109 Ontario Inc.;

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

1. The following individual be appointed as director of 1220109 Ontario Limited:

Bill Warner

2. This by-law comes into force and effect on the day it is passed.

PASSED in Open Council , 2020

Ed Holder
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading –
Third reading –