


Item No. 11.1.3
Halifax Regional Council
September 25, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

Original signed by 

SUBMITTED BY:

Richard Butts, Chief Administrative Officer

Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer

DATE: July 16, 2012

SUBJECT: **6199 Chebucto Road, Maritime Conservatory of the Performing Arts**

ORIGIN

A request from the owners of 6199 Chebucto Road, Maritime Conservatory of the Performing Arts, for a postponement of the Buy-Back Agreement for financing purposes.

RECOMMENDATION

It is recommended that Halifax Regional Council authorize the postponement of the Buy-Back Agreement for the subject property in favor of a loan obtained by the Conservatory from a financial lender.

BACKGROUND

- March 24, 1998, Council made a motion to declare the subject property surplus to Municipal requirements and authorized staff to negotiate the potential sale of the property to either of the siting tenants - Maritime Muslim Academy or the Maritime Conservatory of Performing Arts.
- July 6, 1999, Council made a motion instructing staff to issue a formal Request for Proposals to the Maritime Muslim Academy and the Maritime Conservatory of Performing Arts for the sale of the subject property at fair market value.
- September 14, 1999, Council authorized the Mayor and Municipal Clerk to enter into an Agreement of Purchase and Sale with the Maritime Muslim Academy for 6226 Chebucto Road, and the Maritime Conservatory of Performing Arts for 6199 Chebucto Road, at a purchase price of \$630,000, plus all associated costs, as per the terms and conditions of the Report dated September 8, 1999, including a Buy-Back Agreement. In this case, the property at 6199 Chebucto Road intended use is for educational and institutional purposes.

DISCUSSION

On July 15, 1999, staff issued a Request for Proposal to the Maritime Muslim Academy and the Maritime Conservatory of Performing Arts for the purchase of the subject property at fair market value, based on terms and conditions approved by Council. Staff received a joint response, and the relevant key terms and conditions were as follows;

- Purchase Price of \$630,000, to be paid as \$157,500 in cash at closing, and \$472,500 in exterior renovations (subsequently completed) to the heritage building located at 6199 Chebucto;
- Property shall be used solely for educational and institutional purposes;
- Property to be accepted by Purchaser on an “as is” basis;
- Purchaser waives right to demolish the existing heritage building, and no alterations to be done without approval of the municipality; and
- Buy-Back Agreement to be entered into and to be triggered in the event the Purchaser decides to sell or apply to demolish the building and/or the Purchaser or any successor Purchaser no longer operates the Property as an educational institution.

All of the above terms and conditions have been satisfied to date.

The Conservatory is requesting the release or postponement of the Buy Back Agreement to secure funding for required capital projects, including repairs to the plumbing and heating

systems, upgrading flooring in the dance studios, and for interior re-configuration and repair of rooms needed to accommodate the expansion of the dance program. They also expect to use the funds for building expansion in the basement area for new programming. Finally, they are also looking to invest in green technologies to improve the operational efficiencies of the building. The Conservatory has stated that it is looking for a loan amount in the range of \$300,000 to \$500,000.

The 2012 assessment value for the property is \$2,258,300 (Commercial Exempt).

Staff is not recommending that HRM release the Buy-Back Agreement, however, is recommending the postponement of the Buy- Back Agreement in this instance provided that it is limited to a first mortgage not to exceed \$500,000. The Buy-Back Agreement remains in place, but as a second charge against the property. In the event of a property foreclosure the bank would seize the asset and facilitate a sale to recoup the outstanding loan. With a maximum amount of \$500,000 representing less than 25% of the market value, staff is confident the Municipality's interest would be protected in the event of a foreclosure.

BUDGET IMPLICATIONS

There are no budget implications at this time. Should the Municipality exercise its rights under the Buy-Back Agreement in the future, the purchase would require approval by Regional Council.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

None.

ENVIRONMENTAL IMPLICATIONS

Implications not identified.

ALTERNATIVES

Council could release the Conservatory from the Buy-Back Agreement. Staff is not recommending this alternative as purpose of the Buy-Back, as per the original Request for Proposals, was to ensure the heritage status of the property and that its continued use be that for educational purposes.

ATTACHMENTS

Attachment "A" Site Plan

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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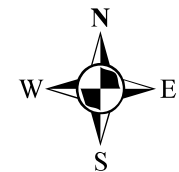
Maritime Conservatory
of the Performing Arts

HALIFAX
REGIONAL MUNICIPALITY

ATTACHMENT 'A'

6199 Chebucto Road
Maritime Conservatory
of Performing Arts

SITE PLAN



This map was produced for the internal use
of Halifax Regional Municipality (HRM).
HRM takes no responsibility for errors or omissions.
Date of map is not indicative of the date of data
creation.

Date: July 20, 2012
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