

Gordie Howe Sports Complex Master Plan – Request to Access Interim Financing

ISSUE

Due to the economic downturn with the COVID-19 situation and the direct impact on the ability for securing major sponsorships and donations in the immediate future, the Friends of the Bowl Foundation, Board of Directors, is requesting formal consideration to extend conditions for the present 'interim financing agreement' with the City of Saskatoon (City), which was approved by City Council in 2018. This report provides background on the interim financing agreement and the connection of this request to the Investing in Canada Infrastructure (ICIP) grant funding.

RECOMMENDATIONS

1. That the request by the Friends of the Bowl Foundation to access additional funds through their previously approved interim financing agreement, with the condition as outlined in this report be approved; and
2. That the City Solicitor's Office bring forward the necessary amendment to Bylaw No. 9530, The Friends of the Bowl Foundation Inc. Loan Authorization Bylaw, 2018 and be authorized to prepare the appropriate agreement to facilitate this request, and that the Mayor and the City Clerk be authorized to execute the agreement under the Corporate Seal.

BACKGROUND

At its August 27, 2018, meeting, City Council received a report of the General Manager, Community Services Department, related to the request for interim financing on the Gordie Howe Sports Complex Master Plan (see Appendix 2), and resolved in part:

1. That the proposed levels of interim financing for the Gordie Howe Sports Complex Master Plan Project, as outlined in the August 14, 2018 report of the General Manager, Community Services Department, be approved;
2. That the interim financing, funded through an internal loan by the City of Saskatoon, be approved;

Recognizing the fundraising program by the Friends of the Bowl Foundation (FOTBF) for the Gordie Howe Sports Complex Master Plan would be seeing payments from donors over time, the City was not expecting immediate reimbursement for project expenses undertaken to complete Phase 4 of the Master Plan. The interim financing was to establish a mechanism for the cash flow on the project. The City and the Friends of the Bowl Foundation have been tracking expenses and outstanding donations for the project and confirm that all carrying costs in relation to the interim financing amounts have been accounted for within the total project costs.

The general terms of the interim financing agreement are such that any funding accessed through the interim financing agreement, are conditional upon the FOTBF having confirmed contribution and/or sponsorship agreements, and is up to a maximum limit of \$10M.

In mid-2019, the City partnered with the FOTBF on a grant application for the Gordie Howe Sports Complex, through the Investing in Canada Infrastructure Program (ICIP). The City was required to be lead applicant as the ultimate owner of the land and assets. Then in late August 2019, the City and FOTBF received the great news the project had been approved for approximately \$15.3M in grant funding.

At its June 22, 2020 meeting, Governance and Priorities Committee, received correspondence from Mr. Bryan Kosteroski, Chair of the Friends of the Bowl Foundation, requesting City support with being able to leverage a portion of the already approved ICIP grant funding (see Appendix 1); and resolved:

“That the matter be referred to the Administration for a report to the next Council meeting on June 29, 2020.”

DISCUSSION/ANALYSIS

Investing in Canada Infrastructure Grant

The grant funding approved through the ICIP for the Gordie Howe Sports Complex, was approved based on a total project cost of \$20,880,200. In the approval letter from the Province, it outlined the funding shares for the project breakdown as follows:

- Federal Share (40%) - \$8,352,080
- Provincial Share (33.33%) - \$6,959,371
- Friends of the Bowl Foundation (26.67%) - \$5,568,749

Although the Gordie Howe Sports Complex has been approved for \$15.3M in grant funding from the Provincial and Federal governments, the Canada-Saskatchewan Integrated Bilateral Agreement for the ICIP does not allow for the advancement of funds without the required payments being made according to the projects funding shares outlined above.

As the ultimate recipient, the City of Saskatoon is responsible to pay for all goods and services received throughout project construction. The Province will then make a payment for both the federal and provincial share (73.33%) upon receipt of a claim for eligible expenditures. And the FOTBF would then be responsible for paying the remaining 26.67% of submitted claims.

With the recent letter from the FOTBF requesting to access an additional approximately \$1.93M of the interim financing, this would be for the 26.67% share required to allow them to leverage approximately \$5.32M of ICIP grant funding to complete approximately \$7.3M of construction. The construction project work, is shovel ready, so could get underway immediately and would be to complete a number of the highest priority items on the current project list, as outlined in the letter in Appendix 1.

Interim Financing Agreement

The current interim financing agreement with the FOTBF has a limitation of a maximum of \$10M in financing, with all funds being accessed, required to be covered by signed contribution or donation agreements. To date, FOTBF has accessed approximately \$8.0M with secured donations, being paid out over a number of years. FOTBF is now requesting consideration to access additional funds through this interim financing agreement. As noted in the letter from the FOTBF, the request is for an additional \$1.933M, bringing the total funds being financed to just over \$9.93M, still below the cap of \$10M.

The exception to the conditions of the current financing agreement, which requires the consideration and approval by City Council, is due to the fact the request, to access this additional \$1.93M, is in advance of newly secured sponsorship or donation commitments.

The FOTBF has confirmed they continue to be actively working with potential major donors and anticipate securing new donors in the next 3 months. FOTBF has also already demonstrated a great track record in being able to raise the funds required for the amazing facilities and amenities already existing at the Gordie Howe Sports Complex. The Administration is supportive of this current request and confirms the highest priority for the complex right now is the multisport facility and amenities that will be able to service the needs of the track and field, the speed skating oval, the cross country ski trails and the ball fields.

FINANCIAL IMPLICATIONS

There are no financial implications to the City, as a result of the recommendations of this report, as all carrying costs associated with the interim financing will be covered by the FOTBF. The Chief Financial Officer, has also confirmed the City is in a position to manage this additional request for cash flow through this internal loan.

OTHER IMPLICATIONS

There are no other privacy, legal, social or environmental implications identified.

NEXT STEPS

Pending direction of City Council, Administration would then undertake any required follow up.

APPENDICES

1. June 13, 2020 Letter - From Friends of the Bowl Foundation Inc.
2. 2018 Report: Gordie Howe Sports Complex Master Plan Interim Financing

Report Approval

Written by: Lynne Lacroix, General Manager, Community Services
Approved by: Kerry Tarasoff, Chief Financial Officer