

NEW TECUMSETH COMMUNITY BUILDERS INC.

January 27, 2022

Town Council – Town of New Tecumseth
10 Wellington Street East
Alliston, Ontario
L9R 1G8

**SUBJECT: Harvest - Infrastructure Financing Commitment
Town of New Tecumseth
New Tecumseth Community Builders Inc.**

Further to the Malone Given Parsons' ("MGP") December 13, 2021 delegation to the Committee of the Whole regarding the proposed Harvest Community, New Tecumseth Community Builders Inc. ("Group") and its individual members, Lakeview Homes, Mattamy Homes, Solmar Homes, Flato Developments and Garden Homes, are pleased to submit details of the Group's financial commitment to the Town to successfully implement the Town's infrastructure servicing program to accommodate population growth forecast to 2051.

A. BACKGROUND

The owners noted above collectively own approximately 800 ha (1,975 acres) of land located immediately southeast of Alliston, generally bounded by Tottenham Road to the west, 10th Sideroad to the east, 10th Line to the south and 13th Sideroad to the north.

As Council knows, the County of Simcoe's Municipal Comprehensive Review ("MCR") is well underway with a targeted completion date of July 1, 2022. To date, the Group has been actively participating in the County's MCR process, providing comments to the Town and County on the County's preliminary Land Needs Assessment and other policy papers. In addition, the Group has submitted its expression of interest in having its land included in the future urban boundary expansion that will be required to meet the population growth needs of the County, and specifically New Tecumseth.

Beyond its participation in the County's MCR process, the Group has completed a thorough review of the Town's 2021 Development Charges ("DC") Background Study and has undertaken extensive background studies on its land and the existing New Tecumseth community, including:

- Market Research
- Planning
- Environmental investigations
- Municipal Infrastructure
- Transportation network
- Agricultural Impact
- Hydrogeology
- Financial Impact

NEW TECUMSETH COMMUNITY BUILDERS INC.

Through the course of the County's LNA work, the Town's DC Background Study and the Group's own investigations two things have become abundantly clear:

- 1. Significant population growth is coming to New Tecumseth, specifically Alliston.**
- 2. The Town faces an immense financial challenge to provide the essential infrastructure required to accommodate this growth.**

On the surface, these seem like big challenges. In terms of accommodating for the population growth, in its December 13, 2021 delegation, MGP presented the Group's concerns with the County's LNA analysis for New Tecumseth. At the Group's request, MGP is preparing a follow up submission to the Town and County that provides reasonable solutions to the LNA concerns, demonstrates how Harvest meets the Town's proposed evaluation criteria for considering urban boundary expansions and why Harvest is the logical location for the Town's urban boundary expansion.

In terms of the financial challenges facing the Town, MGP highlighted those concerns in its delegation and introduced an offer from the Group to work with the Town to resolve the financial issues to the benefit of the Town. In this correspondence, the Group provides the details of its financial commitment to the Town as part of Harvest being included in the Town's urban boundary expansion.

B. FRONT-ENDING PROPOSAL

The Group will front-end finance approximately **\$380 Million** for Town projects to mitigate the Town's financial risk associated with not only allowing Harvest to proceed but also the financial risk associated with growth in the current Official Plan, if Harvest is included in the urban boundary expansion. **The Group is also prepared to provide an early land dedication to the Town for the creation of a significant Community Use**, years in advance of Harvest.

B.1 Financing

The Town projects included in the \$380 Million are illustrated on the attached graphic.

Based on the Group's review of the Town's 2021 DC Background Study, the \$380 Million can be categorized into 3 tranches:

Tranche 1: Front-end financing of certain projects in the 2021 DC Study - \$133.3 M

- These projects relate to growth-related water / wastewater projects which are included in the current DC. To be clear, these works are required to service forecast residential/employment growth in New Tecumseth in the next 10 years, exclusive of Harvest.

Tranche 2: Front-end financing of projects not included in the current DC study -\$ 220.7 M

- These projects are either associated with the Post Period Benefit ("PPB") components of the 2021 DC Study or are estimated costs of projects necessary to accommodate the

NEW TECUMSETH COMMUNITY BUILDERS INC.

Harvest development (but not in the current DC). These projects are largely water/wastewater projects but there are also contributions associated with PPB share of 2021 DC road, fire, library and pool projects.

Tranche 3: Capital contributions of Benefit To Existing share of certain 2021 DC projects – \$24.6 million

- These projects include BTE share of Beeton Replacement Ice Pad and other hard and soft infrastructure.

Of the total financial assistance proposed, the amounts associated with Tranches 1 and 2 (\$354 Million) are growth-related and DC eligible and hence can be recovered from future DC payments. The Group proposes to enter into a Front-End Financing agreement with the Town to ensure the funds are available to the Town, when needed, prior to Harvest development. Having the Group provide the funding, instead of the Town, removes the financial risk to the Town associated with taking on debt to finance projects, the uncertainty of the pace of development, and recovery of costs. That burden will be borne by the Group.

For Tranche 3 (\$24.6 Million), because they relate to BTE shares, this contribution is not DC eligible. They would normally have to be paid thru the tax base or user rates. With the Group agreeing to fund these costs with no reimbursement, the Town's tax and user base and existing residents will benefit from the new facilities at no cost.

In terms of the timing of these commitments, once a Front-End Financing Agreement is entered into between the Town and the Group, the Group is prepared to immediately provide the funds necessary to complete the following projects:

- Beeton Ice Pad Replacement - \$9.5 M
- Beeton Creek Bridge Upgrade - \$4.0 M

The remaining contributions will be provided as infrastructure projects are required.

B.2 Land for Community Use

In addition to financing commitments, one of the great advantages of Harvest's size is that it has the ability to provide meaningful Town-wide benefits to the community, immediately. To this end, the Group intends to include a significant Community Park in the Harvest Community. Working with the Town, the Group will identify the land required for the Community Park and provide an early land dedication, years in advance of a Secondary Plan for Harvest, so that the Town can gain the immediate benefit of additional recreational programming for existing residents, and if it so desires, to either create a dedicated event space to serve the Town, or relocate other recreational programming from existing facilities to convert them into dedicated event space. Other possible uses for this land could be fairgrounds, a new hospital or centre for higher education.

Regardless of the proposed use, the Group will work with the Town to maximize the immediate benefit to the existing community.

C. CONCLUSION

The Town is facing a considerable challenge to finance the growth that is coming to New Tecumseth. This challenge requires a big solution. The Harvest community provides the scale necessary not only for the Town to achieve its growth targets, but to do so with a viable, sustainable infrastructure financial solution. The landowners in Harvest are prepared to partner with the Town to realize these goals and are prepared to execute a Front-End Financing Agreement to show their commitment to the community.

Once you have had a chance to review this information, we welcome the opportunity to meet with you to discuss the proposal in more detail. In the interim, should you have any questions or comments please contact any member of the Group.

New Tecumseth Community Builders Inc. Flato Developments



Glenn Pitura, P. Eng.



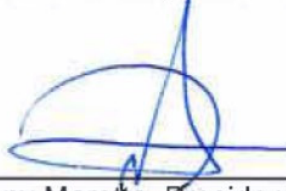
Shakir Rehmatullah, President

Mattamy Homes



Dave McLean, President of
GTAL Division

Solmar Development Corp.



Benny Marotta, President

Lakeview Homes



Rino Montemarano, President

Garden Homes



Per: Sal Crimi

PARSON ROAD RESERVOIR DEBT
\$3.0M

ALLISTON COMMUNITY FACILITIES
Library **\$3.8M**
Fire Station 4 **\$1.4M**
Indoor Pool B **\$8.7M**

RECREATION CENTRE DEBT
\$2.6M

ALLISTON ROAD IMPROVEMENTS
\$23.1M

ENGINEERING STUDIES
\$2.0M

BEETON CREEK BRIDGE UPGRADE
\$4.0M

BEETON ICE PAD REPLACEMENT
\$9.5M

WATER SUPPLY
Pipeline Debt **\$9.5M**
Phase 1 **\$70.6M**
Phase 2 **\$12.0M**

NEW ELEVATED TANK
\$11.5M

WWTP EXPANSIONS
Phase 1 Debt **\$18.0M**
Phase 2 **\$46.6M**
Phase 3 **\$31.4M**
Phase 4 **\$100.0M**
Tottenham Debt: **\$31.4M**

ALLISTON / BEETON WATER TRANSMISSION SECURITY
\$13.1M

TOTAL FUNDING PROPOSAL
Water Supply **\$106.6M**
Wastewater Treatment **\$203.8M**
Community-related (Beeton) **\$26.6M**
Community-related (Alliston) **\$41.6M**
Total \$378.6M

