



Subject: Offer to Purchase – Parts 2 – 8, Plan 41R-10784, VIP Phase 1

Report Number: EDM 26-010

Department: Economic Development Department

Submitted by: Cephas Panschow, Development Commissioner

Meeting Type: Council Meeting

Meeting Date: Monday, April 27, 2026

RECOMMENDATION

- A. THAT report EDM 26-010 titled “Offer to Purchase – Parts 2 – 8, Plan 41R-10784, VIP Phase 1” be received; and,
- B. THAT a by-law be brought forward authorizing the Mayor and Clerk to enter into an Agreement of Purchase and Sale with Schep’s NL Inc and to execute any documents required to effect the sale and transfer of portions of the property along with any required easements; and,
- C. THAT the proceeds from this sale be directed to Capital Project #817, Progress Dr. Extension, per the 2024 approved budget, as amended.

BACKGROUND

Tillsonburg Town Council approved the following resolution at their July 11, 2022 meeting:

THAT a by-law be brought forward to authorize the Mayor and Clerk to enter into an agreement of purchase and sale with Schep’s Bakeries Ltd for property described as part of Block 1, Plan 41M-381 (part of lot 4) in the Van Norman Innovation Park.

Schep’s Bakeries Ltd was interested in obtaining the entire Lot 4, comprising 16 acres, in Phase 1 of the Van Norman Innovation Park in 2022, but, due to the then Town need to keep these lands for winter snow storage, only 12.61 acres were sold to them. Schep’s Bakeries Ltd was granted a Right of First Refusal (ROFR) as part of the Agreement of Purchase and Sale. With the establishment of a replacement Snow Storage site within the recently acquired Redling Farms Ltd lands to the East, and with the completion of their new food processing facility, they are interested in moving forward with the acquisition of these lands.

The ROFR was for a period of three years from the transfer of the original parcel. The Town has now received an Offer to Purchase for the 3.67 Acres of the Snow Storage Lands and the accompanying cul-de-sac lands for a total of approximately 4 acres (see Figure 1).

Figure 1 – Subject Lands (Parts 2-8, “Snow Storage” Lands)



The Development Commissioner is seeking Council approval to move forward with the sale of the former snow storage lands to Schep’s NL Inc to support their operations and future plans.

DISCUSSION

The Offer to Purchase is summarized as follows:

	Offer Summary
Price	\$501,000
Acreage	4 Acres
Price/Acre	\$125,250/Acre
Closing Date	November 26, 2026

Proposed Uses	Potential expansion or new food processing use
Proposed Building Size(s)	Undetermined, partial removal of development covenants
Anticipated Employment	Undetermined
Purchaser Conditions	Ability to sell to a third party should the lands no longer be required as long as the purchaser has complied with the Town's (remaining) development covenants Removal of the Town's standard development covenants (Schedule D) regarding construction of a building in recognition the high level of development achieved on the adjacent property.
Timelines for Development	None

Schep's Bakeries has submitted the offer with the Town's Development Covenants regarding the start/completion of construction removed. This is due to the fact that they have constructed a high lot coverage building on the adjacent property and, even with the additional 4 acres, they more than meet the minimum lot coverage requirement (see Table 1).

Table 1 – Comparison of Lot Coverage

Parcel	Size	Lot Coverage	Building Footprint
Standard Development Requirement	16.6 Acres	20%	144,619 SF
Current Development	12.6 Acres	35%	192,000 SF
Expanded Parcel	16.6 Acres	27%	192,000 SF

Schep's Bakeries is currently achieving 35% lot coverage on their existing property and this does not include the two additional floors part of the office portion of the building (total of 3 floors), which adds an additional 8,000 Square Feet of building, increasing the building area to lot coverage ratio to 36%. Even accounting for the additional 4 acres, Schep's still achieves a 27% building area to lot coverage ratio. Hence, it is clear that Schep's Bakeries has achieved the Town's minimum lot coverage requirements for both the existing and expanded property options.

The other condition relates to the ability to resell the lands should they no longer require them in the future or if they want to sell it to a related company. With this condition, Schep's would be able to resell these lands if they meet lot coverage and building design requirements along with these covenants being accepted by the new purchaser.

Based on the significant investment by Schep's Bakeries resulting in the largest food processing facility in Oxford County, their achievement of 35% lot coverage on the existing property, and their ongoing growth and development plans, the Development Commissioner is recommending that the Offer to Purchase from Schep's NL Inc be approved.

CONSULTATION

There has been extensive consultation through the development of the Van Norman Innovation Park, including the recent extension of Progress Drive to meet Schep's needs, which was led by the Town's Operations and Development Department.

Duncan, Linton LLP has reviewed the Offer to Purchase and their advice has been incorporated in the Agreement of Purchase and Sale.

FINANCIAL IMPACT/FUNDING SOURCE

The approved 2024 Economic Development & Marketing Budget contained \$907,800 (\$600,000 initially, \$307,800 increase by Res #2024-590) in funding for the Progress Drive Extension project, of which the \$600,000 was to be paid/offset by future land sale revenue, with the \$307,800 to be covered by a contribution from the Ec. Dev. Reserve.

The year-to-date financials, as shown in the image below, indicate a reimbursement amount of \$89,524 received relating to capacity provided to the 1 Clearview Drive property in the Town's Stormwater Management Pond, the \$307,792 transfer from the Ec. Dev. Reserve, but with expenses of \$888,541 and \$29,789 interest accumulated to the anticipated purchase date, leaves an outstanding balance of \$521,014.

The Offer to Purchase value is \$501,000, given that it is below the budgeted amount of \$600,000 but reflects the lower profile location, use of the property for snow storage, and the various easements for municipal and County services as well as the existing cul-de-sac road portion on the property.

That will still leave \$20,014 shortfall (\$521,014 less \$501,000), to be recovered by additional land sales.

	2026	YTD	2026
	Budget	Actuals	Forecast
817 Progress Dr Extension			
505 Economic Dev			
3300 Misc Rev - Pmt from VIP SWM		(89,524)	(89,524)
3810 Sale of Assets	(600,000)		
3900 Cont from Reserve - Res #2024-590	(307,800)		-307,792
5505 Subcon Exp	907,800	888,541	888,541
5605 Interest Charges		22,248	29,789
Total 817 Progress Dr Extension		821,265	521,014

CORPORATE GOALS

How does this report support the corporate goals identified in the Community Strategic Plan?

- Lifestyle and amenities
- Customer service, communication and engagement
- Business attraction, retention and expansion
- Community growth
- Connectivity and transportation
- Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

Goal – Through community and regional partnerships, Tillsonburg will attract and retain a diverse range of businesses, creating employment opportunities for residents and a balanced tax base.

Strategic Direction – Ensure adequate supply of “shovel ready” land for business attraction and expansion.

Priority Project – *Ongoing Projects* - Marketing and build out of Van Norman Innovation Park and Increase diversity in manufacturing and other key sectors

ATTACHMENTS

Appendix A – Offer to Purchase - Schep’s NL Inc