REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED OCTOBER 12, 1994

On motion of Her Worship Mayor Thompson, the Report of the Executive Policy Committee, dated October 12, 1994, was considered.

Her Worship The Mayor and Councillors:

Amendment to the 1991 Jets' Agreement
File F-5.1 (Vol. 3)

1089 - 1. Council at its special meeting held on September 28, 1994, referred back Clause 1 of the Report of the Executive Policy Committee dated September 26, 1994, relative to the amendment to the 1991 Jets' Agreement and directed that all groups be given an opportunity to make presentations at a public meeting to be held within two weeks.

On October 8, 1994, the Executive Policy Committee held a Special Meeting at the Winnipeg Convention Centre to:

a) describe the mandate of the Manitoba Entertainment Complex and its analysis of options; and

b) hear presentations by individuals and/or groups that have specific proposals for a new arena/entertainment complex in the downtown.

Presentations were received from the following individual and/or groups:

1) Manitoba Entertainment Complex Inc.
2) Edgecombe Group Inc.
3) SuperPlex
4) Winnipeg Forum Sports and Entertainment Centre
5) Snowcap Sportsplex Inc.
6) Four Winds Development
7) Basarab Associates

On October 12, 1994 the Executive Policy Committee further considered the aforementioned Clause 1 of the Report of the Executive Policy Committee dated September 26, 1994 together with a referral motion relative to the amendment to the 1991 Jets' Agreement.

After deliberation, the Executive Policy Committee recommends that its Clause 1 of the Report of the Executive Policy Committee dated September 26, 1994, along with the motion referred by Council be filed and the following new resolution be forwarded to Council for approval, namely:

WHEREAS Council is in receipt of a proposal from Manitoba Entertainment Complex Inc., being a not-for-profit corporation, the membership of which is comprised of individuals from the Winnipeg business community, to use its best efforts to:

(a) secure by May 1, 1995, all arrangements, approvals, agreements and binding commitments required to proceed with the construction and opening by Fall, 1997 of a new entertainment complex in Downtown Winnipeg (the "Entertainment Complex") with seating of approximately 16,000 for hockey and a minimum of 3,000 premium seats;

(b) secure by May 1, 1995, all agreements and arrangements for the Winnipeg Jets to be an anchor tenant in the Entertainment Complex; and

(c) take by May 1, 1995, all steps necessary in order to exercise on its or on its nominees behalf its right to acquire the Majority Owners' Partnership Interest;

AND WHEREAS the said proposal requires that the Agreement made between Barry Shenkarow, Marvin Shenkarow, The Sterling-Stall Group, Harvey Secter, Moffat Communications Ltd. and Randall L. Moffat Holdings Ltd., of the First Part, Winnipeg Enterprises Corporation, of the Second Part, Jets Hockey Ventures,

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of the Third Part, The City of Winnipeg, of the Fourth Part, Her Majesty the Queen in the Right of the Province of Manitoba, of the Fifth Part, Jets Private Sector Inc., of the Sixth Part, and The Interim Steering Committee Inc., of the Seventh Part, (the "1991 Jets Agreement") be amended;

THEREFORE BE IT RESOLVED THAT Council authorize an amendment to the 1991 Jets Agreement, in a form certified by, or on behalf of, the Acting City Solicitor which would provide, inter alia:

(a) that MEC costs incurred in securing its objectives by May 1, 1995 in respect of expenditures on marketing of a new arena facility be paid out of the existing residual Capital Fund under the 1991 Jets Agreement up to a limit of $1.5 million; provided that such expenditures do not increase existing public guarantees within the agreement and are supported by invoice and approved by the Chief Commissioner in accordance with a business plan and budget filed with and approved by the Executive Policy Committee;

(b) that in addition to the indemnifications referred to in Section 5.6 of the 1991 Jets Agreement, the Province and the City will similarly indemnify the directors and officers of MEC;

(c) that after May 1, 1995 a purchaser of the Partnership shall be free to move the Winnipeg Jets from Winnipeg; and

(d) That MEC provide the City of Winnipeg and the Province of Manitoba with progress reports;

provided that the Majority Owners and the Partnership as defined in the 1991 Jets Agreement consent in writing to such Amendment."

The Executive Policy Committee further recommends that the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

For the information of Council, the issue of questions on site proposals for the arena will be handled as a separate recommendation by Executive Policy Committee to Council at a future date.

Moved by Her Worship Mayor Thompson,
Adoption of the clause.

The Speaker called the Deputy Speaker, Councillor Reese, to the Chair and left the Chamber.

The Speaker here returned to the Chamber, took part in the debate, and after speaking, resumed the Chair.

In amendment,

Moved by Councillor O'Shaughnessy,
Seconded by Councillor Duguid,
THAT Clause 1 of the Report of the Executive Policy Committee dated October 12, 1994 be amended by deleting the resolution contained therein in its entirety and substituting therefore the following:

"WHEREAS Council is in receipt of a proposal from Manitoba Entertainment Complex Inc., being a not-for-profit corporation, the membership of which is comprised of individuals from the Winnipeg business community, to use its best efforts to:

(a) secure by May 1, 1995, all arrangements, approvals, agreements and binding commitments required to proceed with the construction and opening by Fall 1997 of a new entertainment complex in Downtown Winnipeg (the "Entertainment Complex") with seating of approximately 16,000 for hockey and a minimum of 3,000 premium seats;

(b) secure by May 1, 1995, all agreements and arrangements for the Winnipeg Jets to be an anchor tenant in the Entertainment Complex;

(c) take by May 1, 1995, all steps necessary in order to exercise on its or on its nominees behalf, its right to acquire the Majority Owners' Partnership Interest;

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AND WHEREAS the said proposal requires that the Agreement made between Barry Shenkarow, Marvin Shenkarow, The Sterling-Stall Group, Harvey Secter, Moffat Communications Ltd. and Randall L. Moffat Holdings Ltd., of the First Part, Winnipeg Enterprises Corporation, of the Second Part, Jets Hockey Ventures, of the Third Part, The City of Winnipeg, of the Fourth Part, Her Majesty the Queen in the Right of the Province of Manitoba, of the Fifth Part, Jets Private Sector Inc., of the Sixth Part, and The Interim Steering Committee Inc., of the Seventh part, (the "1991 Jets Agreement") be amended;

THEREFORE BE IT RESOLVED THAT Council authorize an amendment to the 1991 Jets Agreement, in a form certified by, or on behalf of, the Acting City Solicitor which would provide, inter alia:

(a) that MEC costs incurred in securing its objectives by May 1, 1995 be paid out of the Capital Fund under the 1991 Jets Agreement, and

(b) that the Province and the City jointly guarantee the repayment of principal (to a maximum of $2,200,000.00 of principal), together with interest on promissory notes of private sector issued on and between the date of the amendment and the 30th day of April, 1995, such guarantee being an addition to the guarantee now provided by the Province and the City pursuant to Section 4.3 of the 1991 Jets Agreement; the resulting total principal amount not to exceed $10,000,000.00, and

(c) that in addition to the indemnifications referred to in Section 5.6 of the 1991 Jets Agreement, the Province and the City will similarly indemnify the directors and officers of MEC, and

(d) that after May 1, 1995 a purchaser of the Partnership shall be free to move the Winnipeg Jets from Winnipeg;

provided that:

1. The Majority Owners and the Partnership as defined in the 1991 Jets Agreement consent in writing to such Amendment.

2. The City's 'Designated Officer' in Clause 3 of the proposed amending agreement be the Chief Commissioner.

3. Any invoices approved for MEC expenditures be in accordance with the budget and business plan to be submitted to, and approved by, the Executive Policy Committee.

4. The total of all invoices approved not exceed $1.5 million without further direction from City Council and;
Any further fundraising contemplated by (b) above shall <u>not</u> proceed until MEC has secured prior budget approval by City Council.

5. No further money be expended on site analysis or design until City Council has determined the site.

6. Progress reports be provided by MEC to the City and the Province."

The amendment was put.

The Speaker called for the yeas and nays, which were as follows:-

Yea: Councillors Clement, Duguid, Eadie, Golden, O'Shaughnessy, Prystanski, Silva, Fraser, Her Worship Mayor Thompson and Councillor Angus. 10

Nay: Councillors Reese, Boychuk, Hyman, Lazarenko, Murray and Thomas. 6

and the amendment was declared carried.

The motion for the adoption of the clause, as amended, was put and declared carried.

EXECUTIVE POLICY COMMITTEE

MOTIONS

Moved by Councillor Thomas,
Seconded by Councillor Boychuk,

1090 - WHEREAS the City Council of the City of Winnipeg unanimously voted to extend our option to purchase the team to May 1, 1995;

AND WHEREAS the option to purchase was a key element in protecting citizens' interests while the operating losses of the Jets were being covered;

AND WHEREAS significant changes have been made to the agreement relating to the ownership options on the team and the City's role;

AND WHEREAS Council has never seen nor was offered a complete explanation of the new agreement;

AND WHEREAS Council's obligations to cover losses has given us greater obligations with fewer rights;

AND WHEREAS the amendments passed by Council were not acted upon nor was any explanation given as to why they were not;

AND WHEREAS the Executive Policy Committee has not brought forward any amendments to protect the City's interests;

AND WHEREAS Council is being asked yet again to vote without complete knowledge of the agreement(s) in place to keep the team in Winnipeg;

THEREFORE BE IT RESOLVED THAT before any vote is taken on advancing further funds, the amendments that were signed or second agreements that were made to the Jets agreement be tabled and reviewed with Council.

The Speaker ruled the motion to be out of order in that the matter was addressed in the previous clause.

Moved by Councillor Hyman,
Seconded by Councillor Thomas,

1091 - WHEREAS it has been more than ninety (90) days since the matter of the Polo Park site for an arena was referred to Executive Policy Committee;

AND WHEREAS there is significant support on Council for the construction of a new facility on the Polo Park site, given that the cost of such a facility would be approximately half the cost of either of the proposed downtown locations;

AND WHEREAS the Polo Park site is the least likely to involve government subsidy;

AND WHEREAS the cost of constructing an arena/entertainment facility and the subsequent annual cost of financing the resulting debt is critical to the viability of both the facility and the N.H.L. franchise;

THEREFORE BE IT RESOLVED THAT a careful analysis be undertaken of the costs of the current Polo Park site versus the proposed downtown location and this be added as a third option to be investigated in the next three months.

The Speaker ruled the motion to be out of order in that the matter of site selection is to be addressed as a separate recommendation by Executive Policy Committee to Council at a future date.

Executive Policy Committee - Motions (continued)

Moved by Councillor Murray,
Seconded by Councillor Thomas,

1092 - WHEREAS Council passed a motion on June 27, 1994, requesting strategies be developed on reducing our liability and exposure on the operating losses of the Winnipeg Jets and an arena;

AND WHEREAS more than sixty (60) days have passed since this Council motion was passed;

AND WHEREAS the information requested is critical to Council advancing future funds to the endeavour;

THEREFORE BE IT RESOLVED THAT before a vote is taken on advancing any further funds, Executive Policy Committee table the report on options to minimize costs to the City of maintaining the N.H.L. franchise in Winnipeg;

BE IT FURTHER RESOLVED THAT the Executive Policy Committee table the report on options and a negotiating strategy to find alternatives to City subsidies of operating losses;

AND BE IT FURTHER RESOLVED THAT Executive Policy Committee table the report from the Board of Commissioners and the Winnipeg Enterprises Corporation recommendations on the gifting, sale or other options for the use of "our" shares as an alternative to cash subsidies and that said parties be further requested to examine and comment on options for ending public sector participation in ownership of the N.H.L. franchise.

The Speaker ruled the motion to be out of order in that the matter was addressed in the previous clause.

Moved by Councillor Boychuk,
Seconded by Councillor Hyman,

1093 - WHEREAS there is significant controversy around the issue of site selection;

AND WHEREAS some members of Council view the Convention Centre site as a land use conflict with the existing Convention Centre which would undermine the viability of both the Convention Centre and the Arena;

AND WHEREAS many members of Council view the site of the City lands north of the Forks as having a negative impact on the future success of the Forks and riverbank development, and further that this would be contrary to efforts to contain a downtown that is already too spread out;

AND WHEREAS Council has never in four years, debated or decided upon a site;

AND WHEREAS it is only realistic that some form of government subsidy is going to be required for the construction of an Arena and this issue is a critical reason there is caution being exercised in the release of any funds. Further, that no debate or resolution of the matter of subsidy has ever been put before Council;

AND WHEREAS Councillors who support sites other than the two proposed sites will find it nearly impossible to support funding for sites that would impact negatively on the City;

AND WHEREAS passing the motion proposed by Executive Policy Committee amounts to a back door site subsidy approval;

THEREFORE BE IT RESOLVED THAT the issues of subsidy and site be settled prior to a vote on a marketing study and a further expenditure of funds towards these efforts.

The Speaker ruled the motion to be out of order in that the matter of site selection is to be addressed as a separate recommendation by Executive Policy Committee to Council at a future date.

Executive Policy Committee - Motions (continued)

Moved by Councillor Thomas,
Seconded by Councillor Murray,

1094 - WHEREAS there is no provision or plan to carry losses past 1995 if the team cannot be sold;

AND WHEREAS there is no provision for covering management fees when the fund is empty and there may well be difficulties or delays in the sale of the team;

THEREFORE BE IT RESOLVED THAT actual revenues achieved by the sale of the Jets be calculated under the two possible scenarios of sale (within the City and sale of the franchise to another market);

BE IT FURTHER RESOLVED THAT the priority for disbursements of those funds and the control of those funds be clearly established to determine how much money is available to cover the established $10 million fund and what is available to refund the City for covering the operating losses of the Jets;

AND BE IT FURTHER RESOLVED THAT the source of funds for the coverage of management fees if required in the future be decided simultaneously to this amendment.

Automatic Referral to Executive Policy Committee in accordance with Rule 16.1 of the Procedure By-law