Minute No. 516
Report - Standing Policy Committee on Downtown Development - July 8, 2008

Item No. 2 **Lease - Alexander Dock/Harbourmaster Sites - The Gatehouse Development Company LLP (Point Douglas Ward) File FI-2.1.**

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Downtown Development and adopted the following:

1. That a Lease Agreement in favour of The Gatehouse Development Company LLP be approved for Parcels A and B as shown on Misc. Plan No. 12596/3 in accordance with the terms and conditions outlined in Schedule "A" to the report from the Director of Planning, Property and Development dated July 4, 2008; with the following amendments, namely:

   A. That final occupancy of the building shall be established by July 8, 2010,
   B. That construction shall commence no later than December 31, 2008,

   with the Lease Agreement providing for such other terms and conditions as are deemed necessary by the Director of Planning, Property and Development and by the City Solicitor/Manager of Legal Services to protect the City's interests.

2. That the Chief Administrative Officer be delegated the authority to:

   A. Finalize the development concepts and site plans with The Gatehouse Development Company LLP for Parcels A and B as shown on Misc. Plan No. 12596/3 and to review all accompanying documentation in support thereof,
   B. Review (approve) the proposed project budget, financing, schedule and development timelines, and
   C. Determine the cost and means of financing the provision of wastewater service to Parcels A and B.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report - Standing Policy Committee on Downtown Development - July 8, 2008

DECISION MAKING HISTORY:

Moved by Councillor Wyatt,

That the recommendation of the Standing Policy Committee on Downtown Development be adopted.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 9, 2008, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Downtown Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On July 8, 2008, the Standing Policy Committee on Downtown Development concurred in the recommendation of the Winnipeg Public Service with the following amendments:

- Add the following as a new recommendation 1 and renumber the remaining recommendations accordingly:

    1. That a Lease Agreement in favour of The Gatehouse Development Company LLP be approved for Parcels A and B as shown on Misc. Plan No. 12596/3 in accordance with the terms and conditions outlined in Schedule "A" to the report from the Director of Planning, Property and Development dated July 4, 2008; with the following amendments, namely:

        A. That final occupancy of the building shall be established by July 8, 2010,

        B. That construction shall commence no later than December 31, 2008.

        with the Lease Agreement providing for such other terms and conditions as are deemed necessary by the Director of Planning, Property and Development and by the City Solicitor/Manager of Legal Services to protect the City's interests.

- Amend new recommendation 2. by deleting the words "the Chief Administrative Officer be requested to" and replacing with "the Chief Administrative Officer be delegated the authority to",

and submitted the matter to the Executive Policy Committee and Council.

Report - Standing Policy Committee on Downtown Development - July 8, 2008

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

On May 27, 2008 the Standing Policy Committee on Downtown Development recommended:

1. That the Winnipeg Public Service in conjunction with CentreVenture Development Corporation be requested to negotiate the terms and conditions of a lease and the development of the proposed project with The Gatehouse Company, within 45 days of this date, and report back to Committee.

2. That the proponent provide a $25,000.00 nonrefundable deposit to CentreVenture Development Corporation to be held in trust, within five (5) working days of this date.
3. That the final terms and conditions related to the lease be subject to the approval of the Standing Policy Committee on Downtown Development.

4. That the proposed development shall be generally in conformance with conceptual plans submitted to the Standing Policy Committee on Downtown Development on May 27, 2008.

Further on May 27, 2008, the Standing Policy Committee on Downtown Development received from Ross McGowan, President and Chief Executive Officer, CentreVenture Development Corporation a proposal from The Gatehouse Company, which has been placed on file in the City Clerks Department.

RE: **Alexander Dock/Harbourmaster Sites – The Gatehouse Company Leasing and Development Proposal**
Lord Selkirk/West Kildonan Community
Point Douglas Ward

FOR SUBMISSION TO: Standing Policy Committee on Downtown Development

ORIGINAL REPORT SIGNED BY: Director of Planning, Property and Development

REPORT DATE: July 4, 2008

RECOMMENDATION:

1. That the Chief Administrative Officer be requested to:

   a) finalize the development concepts and site plans with the Gatehouse Company for Parcels A and B as shown on the attached Misc. Plan No. 12596/3 and to review all accompanying documentation in support thereof;

   b) to review the proposed project budget, financing, schedule and development timelines; and,

   c) to determine the cost and means of financing the provision of wastewater service to Parcels A and B.

2. Pending completion of Recommendation No.1, that the proposed terms and conditions for a Lease and Project Agreement be revised as necessary to reflect any changes and that a report be forwarded to the Standing Policy Committee on Downtown Development for its consideration and approval.

Report Summary

Key Issues:

- The Gatehouse Company has a sincere interest in proceeding with a development on Parcels A and B and has provided evidence of financial commitments of $10.0 million towards the project. Notwithstanding the above, the Gatehouse Company requires an opportunity to finalize a concept and site plan and to determine a final project budget, schedule and timeline.

- The Planning, Property and Development Department, CentreVenture and the Gatehouse Company have finalized the proposed terms and conditions for a Lease Agreement for Parcels A and B, a copy of which is attached in Schedule A. Given the site characteristics and CentreVenture goals and objectives for the Downtown, a rent rate structure has been developed which provides a subsidy of approximately $ 480,000 in the first five years of the lease for Parcels A and B. In addition, the Gatehouse Company has requested that the City pay for the cost of extending wastewater capacity to Parcels A and B. At this time, the Department is not seeking the approval of the terms and conditions pending the receipt of additional documentation.

- To assist with the implementation of projects on Parcels A and B, the Winnipeg Public Service formulated the proposed terms and conditions for a Project Agreement, as detailed in Schedule A. At this time, the Department is not seeking the approval of these terms and conditions.

- Pending the completion of the above, the Planning, Property and Development Department and CentreVenture intend to submit a further report in September/October 2008, at which time the Standing Policy Committee on Downtown Development may consider the final concept and site plans, project budget, timelines and budget, site issues, cost estimates for the City contribution and the proposed terms and conditions for a Lease and Project Agreement.

- There are several outstanding issues related to the leasing and development proposal, which will require resolution during the next stage in the process. These include: the incorporation of sustainability and universal design principles into the final concept and site plan, the identification of the underground hydro transmission line location and overhead hydro service to the building, the potential demolition of a portion of the existing building on site, the designation and requirement for pedestrian access through the site and to the Scot Monument, the relocation of existing services and alternate access to the Alexander Dock, the requirement for access to the geotechnical inclinometer on site, the updating of Misc. Plan 12596/3 to remove the pump station site from the leased area and the termination of the Winnipeg Parking Authority operation of the parking lot within Parcel B.

Implications of the Recommendation(s):

General Implications

( ) None

( ) For the organization overall and/or for other departments

(x) For the community and/or organizations external to the City

(x) Involves a multi-year contract

Comment(s):

The subject lease and development proposal will animate City's expectations as outlined in the Alexander Docks Vision and Development parameters.

Policy Implications

(x) No

( ) Yes

Regulatory Implications

(x) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory

Environmental Implications

(x) No

( ) Yes

Human Resources Implications

(x) No

( ) Yes

Financial Implications

() Within approved current and/or capital budget

(x) Current and/or capital budget adjustment required

Pending the receipt of additional cost information, a budget allocation will be required to pay for the provision of wastewater service to Parcels A and B.

Report

REASON FOR THE REPORT:

The Planning, Property and Development Department is providing a status report on this matter in accordance with the Standing Policy Committee on Downtown Development request of May 27, 2008.

HISTORY:

At its meeting held on March 27, 2008, the Standing Policy Committee on Downtown Development considered an Administrative Report regarding the Invitation for Expressions of Interest for the Leasing and Development of City-owned Riverbank Property on Waterfront Drive-Alexander Dock and concurred in the recommendation of the Winnipeg Public Service, namely:

"1. That no award of contract be made pursuant to EOI 679-2006 and that the Proponents be so notified.

2. That the Plan of Action be approved wherein the City engages CentreVenture Development Corporation to provide marketing services in the leasing of the subject City-owned lands for development purposes.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing."

By letters dated April 3, 2008, the Planning, Property and Development Department advised all of the EOI 679-2006 Proponents of the Committee's decision to not award a contract.

After receiving the Committee Directive, the Planning, Property and Development Department engaged the marketing services of the CentreVenture Development Corporation for the leasing of the subject City-owned riverbank lands.

CentreVenture Development Corporation (CentreVenture) contacted various interested development representatives including the Gatehouse Company to develop a concept for the subject City-owned property.

CentreVenture advised that Gatehouse Company is proposing to develop a lounge and restaurant with meeting rooms and is in the process of preparing a preliminary site plan and conceptual drawing. The organization is aware that a low profile building design

will be required and that a conference centre scale of activity is not acceptable at this site.

At its meeting held on May 27, 2008, the Standing Policy Committee on Downtown Development considered a proposal from the Gatehouse Company regarding a potential development upon City-owned riverbank lands commonly referred to as the Harbourmaster Building (Parcel B) and the Alexander Dock (Parcel A) on the attached Misc. Plan 12596/1 and approved the following recommendations:

"1. That the Winnipeg Public Service in conjunction with CentreVenture Development Corporation be requested to negotiate the terms and conditions of a lease and the development of the proposed project with the Gatehouse Company, within 45 days of this date, and report back to the Committee.

2. That the proponent provide a $25,000 nonrefundable deposit to CentreVenture Development Corporation to be held in trust, within five (5) working days of this date.

3. That the final terms and conditions related to the lease be subject to the approval of the Standing Policy Committee on Downtown Development.

4. That the proposed development shall be generally in conformance with conceptual plans submitted to the Standing Policy Committee on Downtown Development on May 27, 2008."

DISCUSSION:

1. Gatehouse Company Ltd. Development Proposal:

The initial proposal presented to the Standing Policy Committee on Downtown Development involves the renovation and expansion of the Harbourmaster Building and site landscaping on Parcel "B" to accommodate a commercial restaurant, large meeting rooms, a walkway and a marina. Subsequently, the Gatehouse Company indicated that it had additional development plans for Parcel "A".

In order to more fully assess the feasibility of the proposal, the Planning, Property and Development Department requested the Gatehouse Company to provide the following:

1. a detailed concept and site plan;
2. a project budget in current dollars;
3. confirmation of project funding; and,
4. a project schedule and timeline.

Departmental Comments:

The Gatehouse Company has a sincere intent to proceed with a development plan involving both Parcels A and B. The Company has provided two letters of financing commitment in the amount of $10.0 million subject to the industry standard commercial terms of financing.

Notwithstanding the above, the Gatehouse Company requires an opportunity to finalize a concept and site plan and to determine a final project budget, schedule and timeline. As such, the Department would await the receipt of the above and then proceed with a review and provide a follow up report to the Standing Policy Committee on Downtown Development for its consideration and approval in September/ October 2008.

2. Proposed Terms and Conditions for a Lease and Project Agreement:

In accordance with the May 27, 2008 Standing Policy Committee on Downtown Development Recommendations No.'s. 1 and 3, the Planning, Property and Development Department and CentreVenture have negotiated proposed terms and conditions for a Lease and Project Development Agreement with the Gatehouse Company (acting as agent for a newly incorporated company) to develop Parcel A and B, on City-owned land known as the Alexander Dock and Harbourmaster property. The development and leasing of these City-owned lands does not include the Alexander Docks and provides for access to the Docks by the operator of the Paddlewheel Riverboats Ltd.

In the formulation of the proposed terms and conditions for the Lease and Project Agreements, the Department considered various issues as follows:

a) Leasing:

- the proponent is a developer with limited experience in formulating and implementing a development proposal and will require time to fully articulate a concept and site plan for Parcels A and B and to obtain all approvals;

- the proponent requested an initial twenty-five (25) year term plus one twenty-five year renewal;

- the subject City-owned lands (Parcels A and B) are situated on a riverbank and as such, only that portion of the lands and building lying above the flood protection line are developable;

- the lands require waste water servicing to the lot line from the west limit of Waterfront Drive;

- the lands are zoned Riverbank Sector and therefore restrict potential land uses;
- the Harbourmaster building is not structurally sound;
- the lands have limited potential for accommodating on site parking;
- it is common practice for a Landlord to provide certain site inducements (rent reductions, improvements) to attract a Tenant in the initial years;
- the proponent's financiers will likely request the City's approval to register mortgage security against the Certificates of Title for the subject lands;
- a 180 day cancellation window is required to terminate a portion of the lease with Paddlewheel Riverboats Ltd. (Parcel A) for those lands under lease excepting the Alexander Dock; and
- City access to the dock and aquaduct is required for emergency services and repair purposes.

Departmental Comment:

Given the above circumstances and in consultation with CentreVenture, the Planning, Property and Development Department is supportive of a proposed lease for Parcels A and B with the Gatehouse Company for an initial term of 25 years with a rent rate structure outlined in the attached Schedule A. This rent structure provides for a rent subsidy of $ 480,000 in the first five years for Parcels A and B and then escalates to market rates. During the initial five year period, the Tenant will be paying the realty taxes on both Parcels.

In addition, it should be noted that the Tenant has requested that the City absorb the cost of extending waste water capacity to Parcels A and B. The Planning, Property and Development Department has determined this to be a usual commercial request and will investigate same and provide detailed design and cost information to the Standing Policy Committee on Downtown Development at the time of considering a report on this matter in September/ October 2008.

The Planning, Property and Development Department has formulated the proposed terms and conditions for a Lease Agreement, as detailed in the attached Schedule A. The Gatehouse Company has accepted the proposed lease terms and conditions. However, the Department is not moving forward with obtaining approval of these terms and conditions at this time but wishes to await the receipt of all accompanying documentation and to review same. Pending the review, the Department will forward same to the Standing Policy Committee on Downtown Development in September/ October 2008.

b) Project Agreement:

During the past month, representatives from the Planning, Property and Development Department and CentreVenture have met extensively with the Gatehouse Company. The Department understands the project parameters to be as follows:

- to renovate and expand the Harbourmaster building and to develop a commercial restaurant, meeting rooms and a marina on Parcel B commencing in 2009;
- to install certain landscaping improvements on Parcels A and B including a walkway and landscaping;
- a tentative Project budget of $8-10 million dollars;
- to commence with construction on Parcel B in 2009; and,
- to develop a project on Parcel A within 5 years.

Departmental Comment:

Given the above and the limited timeframe to formulate a development proposal, and as a means of providing a framework to guide any projects at this site, the Planning, Property and Development Department formulated the proposed terms and conditions for a Project Agreement, as detailed in the attached Schedule A.

The Proponent has accepted the proposed terms and conditions. However, the Department does not wish to move forward with obtaining approval of these terms and conditions at this time but wishes to await the receipt of all accompanying documentation and to complete a review. Pending the review, the Department will forward a new report with the Department's recommendations to the Standing Policy Committee on Downtown Development in September/ October 2008.

3. Outstanding Issues:

a) Incorporation of Sustainability and Universal Access Principles into Concept and Site Plans:

As no concept or site plan has been received by the Department, we have not yet had an opportunity to provide input with respect to the need to incorporate the principles of sustainability and universal access into the process. The Department will ensure that same occurs at the appropriate time in the process.

b) Demolition of the Harbourmaster Building or portions thereof:

The proponent has indicated on several occasions that the final plans may require the demolition of the building or portions thereof. The Department is simply advising the Committee on this matter and will it will deal with same in the follow up Report.

b) Underground Hydro Transmission Line Easement and Overhead Service to the Harbourmaster Building:

An underground hydro transmission line was recently installed within the subject lands. The final terms of lease will provide for a delineation of the location and for the right to access the line for repair or replacement during the term of the lease. In addition, should any relocation of the existing overhead hydro service to the Harbourmaster Building be required it shall be at the Tenant's sole cost and expense.

d) Public Access and Scot Monument:

Pending the receipt of the preliminary concept and site plans, the Department intends to ensure that a continuous means of circulation through the leased lands is provided for in the final design. In addition, access to the Scot Monument located north of the Alexander right of way will also be required. The final terms and conditions for the lease and project agreement will be updated to provide for same once the design is completed.

e) Relocation of Services to Alexander Dock:

The Paddlewheel Riverboats Ltd. installed certain improvements within the subject lands to provide services to the Alexander Dock. Pending the finalization of the concept and site plans, the issues related to alternate access and relocation of services will be negotiated and documented with the proponent.

f) Geotechnical Inclinometer:

As part of the recently installed riverbank stabilization works, an inclinometer was installed to study the performance of the riverbank through time. The final form of agreement will provide for access to this installation on as required basis.

i) Misc. Plan 12596/1 and 12596/3:

During the creation of Misc. Plan 12596/3, a transposition error occurred and the most northwest corner of the subject lands has inadvertently been included. The

Misc. Plan will need to be updated to remove that portion on which a City pumping station is included as shown on Misc. Plan 12596/1.

j) Winnipeg Parking Authority Operation – Parcel B:

Currently, the gravel parking area within Parcel B is operated by the Winnipeg Parking Authority. Pending the approval of the subject leasing and development proposal, a cancellation notice will be forwarded to the Authority.

Financial Impact Statement Date: July 4, 2008

Project Name:

Alexander Dock/Harbourmaster Sites – The Gatehouse Company Leasing and Development Proposal

COMMENTS:

As this is simply a status report, there are no financial impacts to report on at this time.

"Original Signed By"
Mike McGinn, CA
Manager of Finance

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

n/a

External Consultation With:

CentreVenture Development Corporation

THIS REPORT SUBMITTED BY:

Department	Planning, Property and Development
Division	Real Estate
Prepared by:	Wayne A. Bollman
PPD File No.	38/752 v.9

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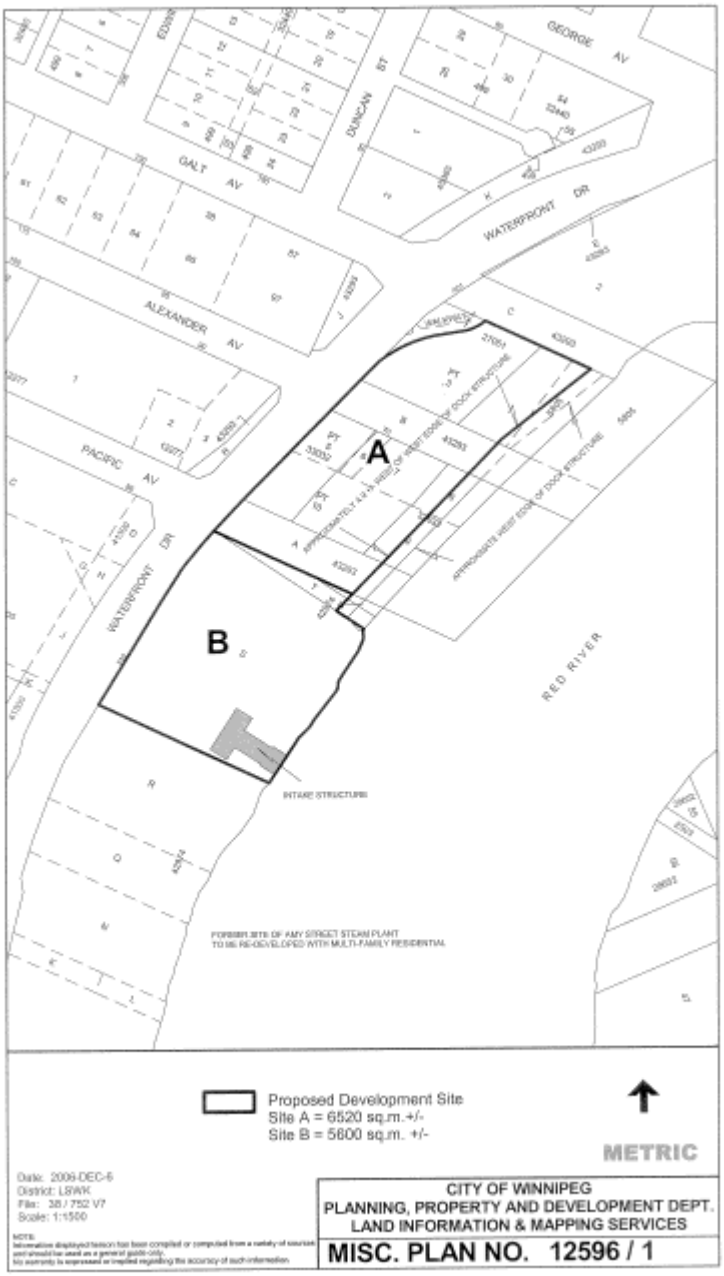
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A
B
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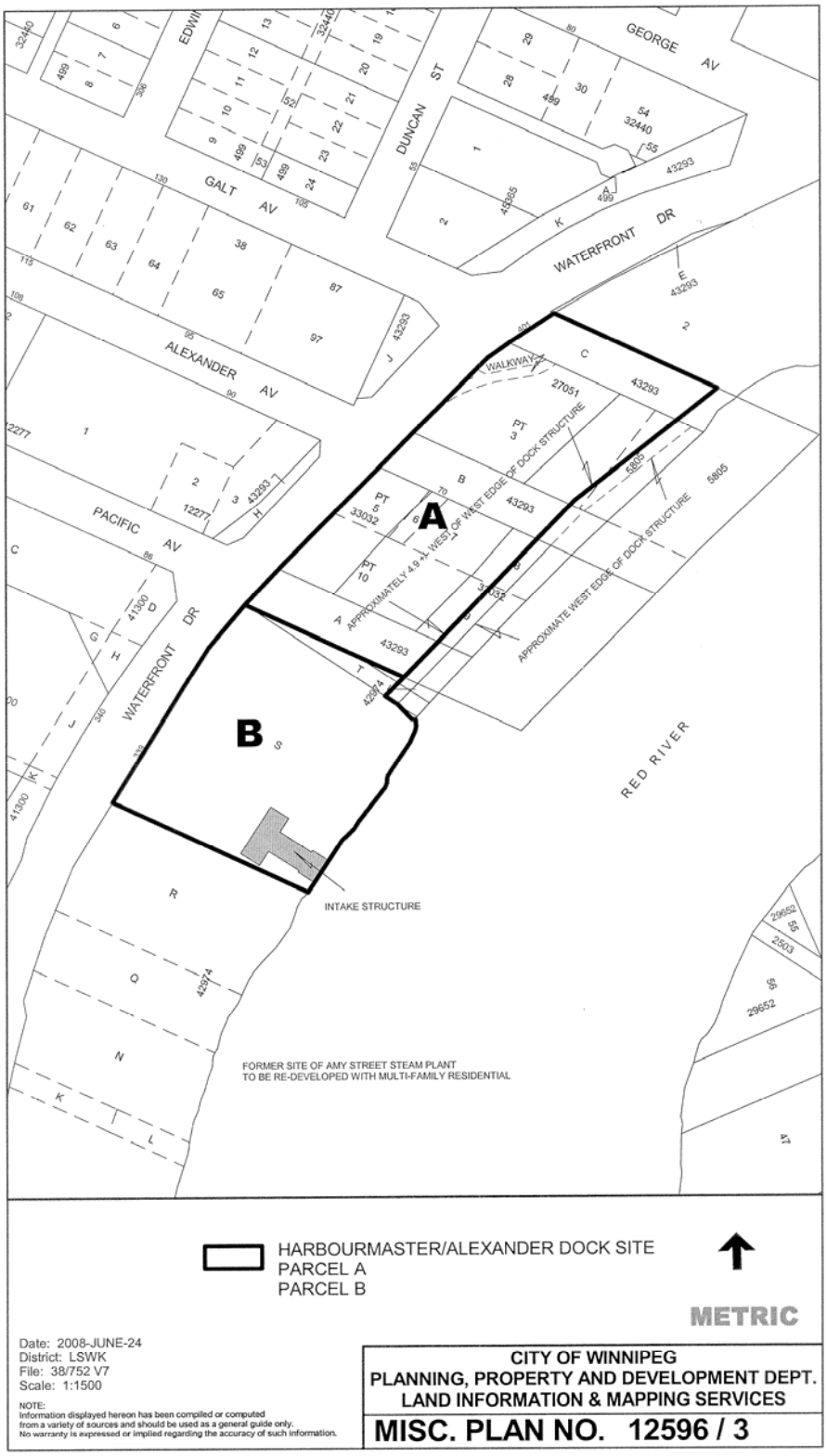
INTAKE STRUCTURE
FORMER SITE OF KAY STREET STEAM PLANT
TO BE RE-DEVELOPED WITH MULTI-FAMILY RESIDENTIAL
Proposed Development Site
Site A = 6520 sq.m.+/-
Site B = 5600 sq.m. +/-
METRIC
Date: 2008-DEC-6
District: LSWK
File: 38 / 752 V7
Scale: 1:1500
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 12596 / 1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FORMER SITE OF AMY STREET STEAM PLANT
TO BE RE-DEVELOPED WITH MULTI-FAMILY RESIDENTIAL
HARBOURMASTER/ALEXANDER DOCK SITE
PARCEL A
PARCEL B
METRIC
Date: 2008-JUNE-24
District: LSWK
File: 38/752 V7
Scale: 1:1500
NOTE:
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CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 12596 / 3

SCHEDULE "A"

Jun 27 08 12:30p Senator Rod A.A. Zimmer 204-984-8149 p.2

Winnipeg

Planning, Property & Development Department • Service de l'urbanisme, des biens et de l'aménagement

Real Estate Division • Division des biens immobiliers

In reply please refer to / Référence à rappeler :

Wayne A. Bollman, CPM
(204) 986-5056
Fax / Téléc. : (204) 944-8476

June 24, 2008

The Gatehouse ~~Company~~ development company LLP
229 Roslyn Rd.
Winnipeg, Manitoba
R3L OH5

Attn: Mr. R. Zimmer

RE: HARBOURMASTER BUILDING AND LANDS – PARCELS "A" AND "B" – REVISED PROPOSED TERMS AND CONDITIONS FOR A LEASE AND PROJECT AGREEMENTS
FILE: 38/752 V.9 (PLEASE QUOTE WHEN REPLYING)

At its meeting held on May 27, 2008, the Standing Policy Committee on Downtown Development considered a proposal from the Gatehouse Company regarding a potential development upon City-owned riverbank lands commonly referred to as the Harbourmaster Building (Parcel B) and the Alexander Dock (Parcel A) on the attached Misc. Plan 12596/2 and approved the following recommendations:

"1. That the Winnipeg Public Service in conjunction with CentreVenture Development Corporation be requested to negotiate the terms and conditions of a lease and the development of the proposed project with the Gatehouse Company, within 45 days of this date, and report back to the Committee.

2. That the proponent provide a $25,000 nonrefundable deposit to CentreVenture Development Corporation to be held in trust, within five (5) working days of this date.

3. That the final terms and conditions related to the lease be subject to the approval of the Standing Policy Committee on Downtown Development.

4. That the proposed development shall be generally in conformance with conceptual plans submitted to the Standing Policy Committee on Downtown Development on May 27, 2008."

1. Proposed Terms and Conditions for a Lease Agreement:

In accordance with the proposal submitted to the Standing Policy Committee on Downtown Development and subsequent to our meetings held on June 6, 2008 and June 23, 2008, the Planning, Property and Development Department has developed the proposed terms and conditions for a lease agreement for your review, consideration and approval as follows:

Owner:	City
Tenant:	The Gatehouse Company (to be incorporated as a legal entity)
Leased Lands:	Parcel "A" and Parcel "B" as shown on the attached Misc. Plan 12596/3 commonly referred to as the Harbourmaster Building and Lands to be leased in an "As Is" condition.
Size:	Parcel "A" 82,790 sq.ft.(7691 sq.m.) and Parcel "B" 60,224.08 sq. ft. (5595 sq.m.)
Use:	Parcel "A" - Tenant to submit proposed concept plan and uses to the Standing Policy Committee on Downtown Development and Director of Planning, Property and Development for review and be subject to their written approval in a sole and unfettered manner. Parcel "B" - Commercial restaurant, meeting rooms, commercial retail, limited office, public gallery, interpretive centre and marina slips, riverboat ticket kiosk and for no other purpose without the Landlord's written consent.
Term:	Twenty-Five (25) years commencing September 1, 2009
Renewal:	One - Twenty-Five (25) year option upon providing one hundred eighty (180) days notice to the Landlord.
Rent:	See attached Rent Schedule "A"
Realty Taxes:	Tenant
Cancellation:	Upon default of Tenant Covenants under lease or project agreement.
Insurance:	Tenant to indemnify and save harmless the Landlord against and from all liabilities, obligations, damages, claims, costs, fines, suits, demands, actions and causes of actions. Prior to construction: - to confirm to the Landlord prior to construction that an all risks builders risk broad form insurance policy including such endorsements as will provide for contingent liability from enforcement of by-laws including value of undamaged portion of project; demolition and debris removal costs with respect to the undamaged portion of the project and the increase in cost of construction of the Project. After Construction: - Tenant to provide separate Commercial General Liability $2.0 million coverage, an automobile liability insurance for owned automobiles used for or in connection with the Centre of at least $2.0 million and an "all risks" property insurance policy for the full

replacement cost (without deduction for depreciation) insuring all buildings, equipment, tenant improvements, contents and if required boiler and machinery insurance policy for the full replacement cost of the facility and all boilers, pressure vessels, air conditioning equipment and miscellaneous electrical apparatus owned or operated by the Tenant.

Tenant Resp:

To use Parcel "B" to develop a commercial restaurant and meeting rooms and marina slips in accordance with plans and specifications to be submitted to and subject to the unfettered approval of the Director of Planning, Property and Development.

To simultaneously enter into a Project Agreement with the Landlord and to construct and finish the project in accordance with the Project Agreement and Final Project Plan, to obtain all necessary Federal, Provincial and Municipal approvals to construct the Project at its sole cost and expense, to pay for all labour, materials and services and other work or expenses in connection therewith, to keep the Leased Lands free and clear of all liens for labour performed or materials furnished or other work or services in connection therewith, to confirm to the Landlord that an industry standard performance bond and labour and material bond in the names of the Landlord and Tenant is in place prior to construction, to provide the Landlord with monthly status reports on the progress of the project as set out in the project agreement, to comply with all statutory requirements as to the amounts to be held back out of payments, ensure timely performance of all contracts for the project, to procure and carry full Workers Compensation coverage as required by law during the construction phase, all changes and alterations to the Final Project Plan subject to Landlord's approval.

To provide at the its sole cost and expense the provision and extension of municipal services including but not limited to water, wastewater, land drainage, hydro, telephone, gas and cable services from the lot line to the existing or expanded structures on site in accordance with all municipal regulations.

To provide private access approaches at its sole cost and expense in accordance with municipal regulations.

To design any structures in accordance with the City of Winnipeg Flood proofing criteria as set out in the Charter and to obtain a rivers and streams permit.

To be responsible for the costs of any alterations or demolition to the existing building structure on site.

To maintain and keep the leased lands and project and all other buildings or other structures or improvements to be erected or constructed in good order, neat appearance, good repair and sanitary and safe condition and shall alone be responsible for all repairs and replacements whether or not same is structural or otherwise, during the term of this lease

No assignment without the prior written approval of the Landlord, which shall not be unreasonably withheld.

Special Tenant Resp:

That should the City's Branch 1 Aqueduct located within the leased lands be damaged due to any act or failure to act on the part of the Tenant or any of its employees, agents, licensees, invitees, tenants or third parties or anyone carrying out activities on its behalf during construction, renovation or repair works at the leased lands, or at any time thereafter, it will:

(i) Act expeditiously to prevent further damage to the City installations and advise the City's Water and Waste Department immediately;

(ii) Allow the City's Director of Water and Waste Department to handle all engineering and construction aspects of the repair;

(iii) Compensate the City for all costs associated with such repair or any subsequent restoration works required; and

(iv) Not hold the City liable or responsible for any delay in completion of the repairs to the City installations;

To allow the City the right to enter upon the leased lands, with or without equipment, upon twenty-four (24) hours prior notice to the Tenant, acting reasonably, except in an emergency situation where no notice shall be required, for any City purposes, including but not limited to police and fire services access, maintenance, reconstruction, repair and operation of the City installations and associated structures located herein, including the right to exclude all others from the portion of the leased premises required for such work for as long as may be necessary to carry out such work.

To ensure that no development is planned within 10 meters on either side of the aquaduct line.To undertake all

such riverbank stabilization and geotechnical works necessary to support the Tenant's proposed development at its sole cost and expense.

To be allowed to secure project financing and to register the usual commercial financial instruments against the Certificate of Title for the Leased Lands in an amount and form of document to be approved by the Director of Planning, Property and Development and the City Solicitor.

To provide any Alexander Dock Tenant with uninterrupted vehicle and pedestrian access to the dock structure at all times during the term of this lease.

To be allowed to enter into sub-lease agreements with a facility manager or commercial restaurateur subject to obtaining the City's approval as to form of sub-lease and quality of Sub-tenant.

To provide Landlord with an audited sales report within ninety (90) days of the restaurant's operations year end term during the term of the lease.

2. Proposed Terms and Conditions for a Project Development Agreement

The Planning, Property and Development Department proposes to enter into a project agreement with the Gatehouse Company for the development of Parcel A and B in accordance with the following particulars:

The particulars of the Project Development Agreement are as follows:

First Part:	City
Second Part:	The Gatehouse Company (to be incorporated as a legal entity)
Location:	Parcel "A" and Parcel "B" – Waterfront Drive
Obligations of City:	To provide vacant possession of the land pursuant to the lease.
Obligations of Developer:	Standard project agreement terms in a form satisfactory to the City Solicitor and to complete the project on Parcel "B" within eighteen months of City Council approval and on Parcel "A" within five years of the commencement date of the lease agreement. If the project on Parcel "B" is not completed within one year or if a project is not completed within five years on Parcel "A", the Gatehouse Company shall be considered to be in default and agrees to immediately surrender either Parcel "A" or Parcel "B" to the City and the project and lease agreements shall be terminated.
Special Terms:	Damage to Waterfront Drive: If at any time, any improvements within the Waterfront Drive right of

way are damaged during construction on Parcels "A" or "B", the developer will notify the Director of Public Works and upon approval, proceed with any required repairs at its sole cost.

Damage to the Riverbank: If at any time, any improvements within the west bank of the Red River within or adjoining Parcel "A" or Parcel "B" are damaged during construction on Parcel "A" or Parcel B, the Developer will notify the Director of Water and Waste and upon approval, proceed with any repairs at its sole cost.

Off-Site Improvements or Servicing: If during the development review process, certain upgrades or improvements are required to obtain a development permit or environmental license, the Developer will be responsible for all such costs.

Indemnification: Developer to indemnify and save the City harmless of and from any and all liability relating to or arising from the construction of the project.

The Gatehouse Company hereby agrees to enter into a lease and project agreement with the City for the use of the subject Leased Lands identified on the attached Misc. Plan 12596/3 in accordance with ~~the terms and~~ conditions as outlined herein.

The Gatehouse ~~Company~~ Development company LLP June 27/08. Date

Your response to the proposed terms and conditions of lease agreement is requested, in writing, by June 25, 2008 by 4:00 PM.

The proposed terms and conditions are subject to the approval of the Standing Policy Committee on Property and Development and to the City Solicitor's approval as to from and content.

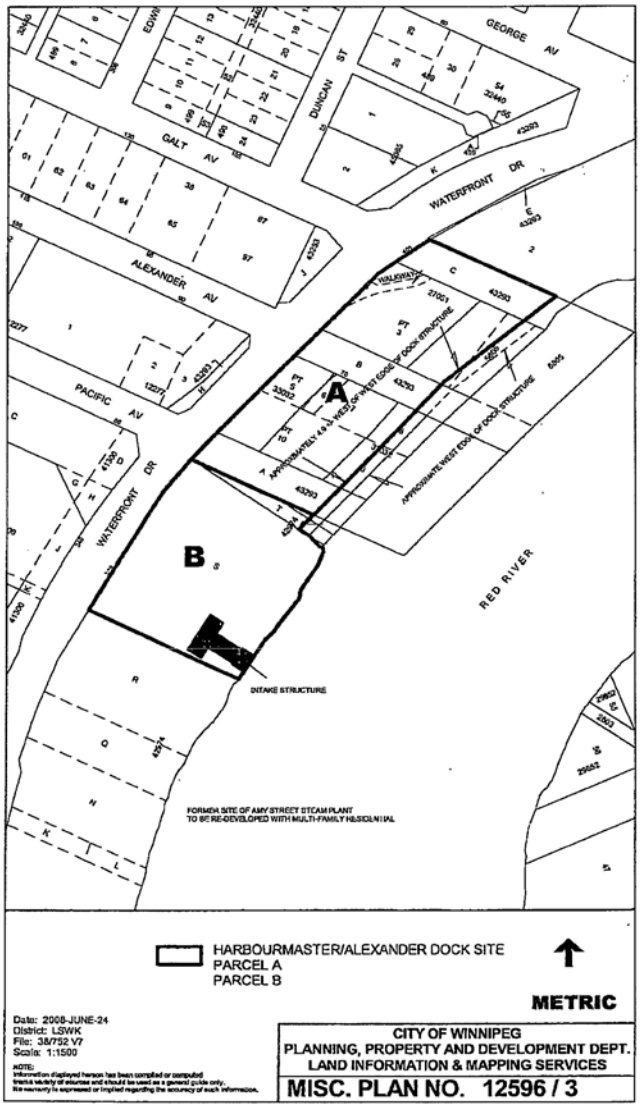
If you should have any questions or concerns regarding the above, please contact me at 986-5056.

Yours truly,

Wayne A. Bollman, CPM
Supervisor of Property Management

cc. Ross McGowan, CEO, CentreVenture
Loretta Martin, Director of Development, CentreVenture
Barry Thorgrimson, A/Economic Development, City of Winnipeg
Ray Klassen, Manager, Real Estate Division, City of Winnipeg

V: Gatehouse Proposal Jun 13 08


GEORGE AV
DUNCAN ST
GALT AV
WATERFRONT DR
ALEXANDER AV
PACIFIC AV
WATERFRONT DR
A
B
RED RIVER
INTAKE STRUCTURE
FORMER SITE OF AMY STREET STEAM PLANT
TO BE RE-DEVELOPED WITH MULTI-FAMILY RESIDENTIAL
HARBOURMASTER/ALEXANDER DOCK SITE
PARCEL A
PARCEL B
METRIC
Date: 2008-JUNE-24
District: LSWK
File: 38/752 V7
Scale: 1:1500
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 12596 / 3

Schedule "A"

Parcel "A"

Rent:	**Years 1-5: $1.00/year + GST**
	Years 6-15: $48,000/year + GST (based on $12/sf/yr)
	Years 16-25: $72,000/year + GST (based on $18/sf/yr)
Realty Taxes:	**Tenant to pay realty taxes commencing on the first day of the lease term**
Business Taxes:	**Tenant to pay business taxes commencing on the first day of the lease term**

Parcel "B"

Base Rent:	**Years 1-5: $1.00/year + GST**
	Years 6-15: $48,000/year + GST (based on $12/sf/yr)
	Years 16-25: $72,000/year + GST (based on $18/sf/yr)
Percentage Rent:	**For the first 5 years of the lease term, the Tenant would pay 5% of gross sales in excess of $1,200,000 derived from its restaurant operation**
Realty Taxes:	**Tenant to pay realty taxes commencing on the first day of the lease term**
Business Taxes:	**Tenant to pay business taxes commencing on the first day of the lease term**