Minutes – Executive Policy Committee – February 22, 2013

REPORTS

Minute No. 168 Amendment to the Economic Development Initiative for the Re-Development of the Existing Stadium Site and the New Stadium Development at the University of Manitoba (St. Norbert and St. James-Brooklands Wards)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommends to Council:

1. That the December 15, 2010 Council decision be amended in order to permit the grant provided by the City to the Winnipeg Football Club (WFC) to be used for payment of any debt obligations incurred by BBB Stadium Inc. (BBB) with respect to the New Stadium, rather than specifying this grant be used solely for repayment of the Provincial loan. The City is not granting any additional funds and will not be responsible for any unpaid portion of WFC's or BBB's debt related to the New Stadium. The Province has been consulted and concurs. BBB has arranged for a non-revolving installment loan to assist with revenue-generating and fan enhancement improvements to the New Stadium, to be repaid by 2016.

2. That in order to permit the grant provided by the City to the WFC to be used for payment of any debt obligations incurred by BBB with respect to the New Stadium, rather than be used solely for repayment of the Provincial loan, recommendations 6 and 7 of the December 15, 2010 Council decision be deleted and replaced with the clauses set forth in Schedule "A" hereto.

3. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

DECISION MAKING HISTORY:

Moved by Councillor Fielding,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

ADMINISTRATIVE REPORT

Title: **Amendment to the Economic Development Initiative for the Re-Development of the Existing Stadium Site and the New Stadium Development at the University of Manitoba**

Critical Path: **Executive Policy Committee – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Ruta	M. Ruta	M. Ruta	D. Joshi COO

RECOMMENDATIONS

1. That Council amend its December 15, 2010 decision in order to permit the grant provided by the City to the Winnipeg Football Club (WFC) to be used for payment of any debt obligations incurred by BBB Stadium Inc. (BBB) with respect to the New Stadium, rather than specifying this grant be used solely for repayment of the Provincial loan. The City is not granting any additional funds and will not be responsible for any unpaid portion of WFC's or BBB's debt related to the New Stadium. The Province has been consulted and concurs. BBB has arranged for a non-revolving installment loan to assist with revenue-generating and fan enhancement improvements to the New Stadium, to be repaid by 2016.

2. That in order to permit the grant provided by the City to the WFC to be used for payment of any debt obligations incurred by BBB with respect to the New Stadium, rather than be used solely for repayment of the Provincial loan, recommendations 6 and 7 of the December 15, 2010 Council decision be deleted and replaced with the clauses set forth in Schedule "A" hereto.

3. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

REASON FOR THE REPORT

Council approval is required to rescind or amend existing Council decisions.

IMPLICATIONS OF THE RECOMMENDATIONS

Adoption by Council of the recommendations would clarify the terms and conditions of the City's provision of an annual grant in an amount equal to the entertainment funding tax remitted by WFC to the City with respect to the operation of the New Stadium and would permit such grant monies to be used for repayment of any debt obligations incurred by BBB with respect to the New Stadium, as opposed to only the Provincial loan.

HISTORY

On May 18, 2005, Council approved a report titled "Canad Inns, 1465 Maroons Road - Amendment to Canad Inns Stadium Lease with Winnipeg Enterprises Corporation – Assignment to Winnipeg Football Club." Recommendation 3 of the report states:

> 'Authorize the Administration to prepare a schedule setting out the total debt incurred by Winnipeg Enterprises Corporation (WEC) for the Winnipeg Football Club (WFC) including the book value of the investment made by WEC in WFC via an income debenture with a view to applying the Entertainment Funding Tax revenue collected from regular and pre-season WFC games at Canad Inns Stadium as a funding source for repayment first against the income debenture. Interest to be based on the City's cost of long-term borrowing.'

At the end of 2011, approximately $972,000 remains unpaid with an annual interest rate of 5%. In a letter dated October 30, 2012, WFC sought a deferral of the payment of the balance due to the City and on December 12, 2012, Council agreed to defer payment of such balance until 2017. The City will be repaid for the balance outstanding plus annual interest at 5% during the deferral period.

On December 15, 2010, Council approved a report titled "Amendment to the Economic Development Initiative for the redevelopment of the existing Stadium site and the new Stadium Development at the University of Manitoba." This report permitted the grant provided by the City to WFC to be utilized for payment of the Provincial loan.

BBB has arranged for a non-revolving installment loan to assist with revenue-generating and fan enhancement improvements to the New Stadium, to be repaid by 2016. To further clarify Council's previous approval, the recommendations seek to amend the foregoing recommendations to permit the grant provided by the City to WFC to be utilized for payment of any debt obligations incurred by BBB with respect to the New Stadium, as opposed to only the Provincial loan.

FINANCIAL IMPACT

Financial Impact Statement **Date:** February 15, 2013

Project Name:

Amendment to the Economic Development Initiative for the Re-Development of the Existing Stadium Site and the New Stadium Development at the University of Manitoba

COMMENTS:

As the entertainment tax revenue from the New Stadium are granted back to the Winnipeg Football Club, there are no new financial implications associated with this report.

"Original signed by"
Paul D. Olafson, CA
Corporate Controller

CONSULTATION

In preparing this report there was consultation with:

Legal Services (as to legal issues)
Office of the CAO
Province of Manitoba

OURWINNIPEG POLICY ALIGNMENT

The information and progress outlined in this report are in accordance with the policies and programs reflected in the City's Council-adopted 25-year blueprint OurWinnipeg through "A City That Works – Direction 3:

> *"Provide efficient and focused civic administration and governance:*
> *Pursue cost-effective sharing agreements with other governments and with the private sector for priority infrastructure projects."*

SUBMITTED BY

Department: Corporate Finance
Date: February 15, 2013

SCHEDULE "A"
REPLACEMENT CLAUSES FOR RECOMMENDATIONS 6 AND 7 OF THE DECEMBER 15, 2010 COUNCIL DECISION

6. That commencing in 2013 and continuing until repayment in full of the outstanding balance of debt obligations incurred by BBB with respect to the New Stadium, the City pay to the Winnipeg Football Club ("WFC") an annual grant (the "Grant") in an amount equivalent to all entertainment funding taxes ("EFT") remitted by WFC to the City in respect of the operation of the New Stadium, to be paid in each fiscal year to WFC on the condition that WFC pay the portion of the Grant equal to the amount of EFT payable on regular season and exhibition Blue Bomber football games, together with facility fees payable on regular season and exhibition Blue Bomber football games, to BBB to be applied by BBB to pay down the outstanding balance of debt obligations incurred by BBB with respect to the New Stadium.

6.1 That the provision by the City to WFC of entertainment funding tax-related grants following the repayment in full of the outstanding balance of debt obligations incurred by BBB with respect to the New Stadium be referred to Council for consideration upon completion of such repayment by BBB.

7. That should for any reason WFC or BBB be unable to fulfill their respective repayment obligations, the City shall not and will not be responsible for any unpaid portion of the debt obligations incurred by WFC or BBB respectively with respect to the New Stadium.