Agenda – Executive Policy Committee – May 18, 2021

REPORTS

Item No. 11 Assignment of Grant Agreement from 390 Assiniboine Ave Inc. to 10077001 Manitoba Ltd. – 390 Assiniboine Avenue (Fort Rouge-East Fort Garry Ward)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That an assignment of the grant agreement from 390 Assiniboine Ave Inc. to 10077001 Manitoba Ltd. for 390 Assiniboine Avenue be approved.

2. That the City enter into, execute and deliver an assignment agreement with 10077001 Manitoba Ltd. and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

3. That authority be delegated to the Chief Financial Officer to negotiate the terms and conditions of the assignment agreement and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

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

ADMINISTRATIVE REPORT

Title: Assignment of Grant Agreement from 390 Assiniboine Ave Inc. to 10077001 Manitoba Ltd. – 390 Assiniboine Avenue

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Kiernan	J. Kiernan	C. Kloepfer	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

The Public Service recommends that the grant agreement for 390 Assiniboine Avenue be assigned from 390 Assiniboine Ave Inc. to 10077001 Manitoba Ltd.

On September 28, 2016, Council approved a Strategic Economic Incentive Grant in favour of 390 Assiniboine Ave Inc. for a residential project at 390 Assiniboine Avenue. The grant is in the form of incremental municipal property taxes over a period of 10 years to a maximum of $1.9 million. On February 9, 2017, The City of Winnipeg was served with a Notice of Motion from Caisse Populaire Group Financier Ltée. seeking to force 390 Assiniboine Ave Inc. into receivership. On February 10, 2017, PricewaterhouseCoopers (PWC) was court-appointed as the receiver, to take control over management of 390 Assiniboine Ave Inc. and to complete the project. The City of Winnipeg entered into an agreement with 390 Assiniboine Ave Inc. under the receivership of PWC on July 21, 2017.

The project at 390 Assiniboine Avenue was completed in 2019 with 87 condominium units being eligible under the grant agreement. PWC is requesting assignment of the grant to 10077001 Manitoba Ltd., who will continue to sell all remaining condominium units. PWC has advised that this transition is the natural evolution of the receivership as the specific expertise of the receiver is not critical to the ongoing unit sales of the project.

A corporate search of 10077001 Manitoba Ltd. has been conducted and they are in good standing.

RECOMMENDATIONS

1. That an assignment of the grant agreement from 390 Assiniboine Ave Inc. to 10077001 Manitoba Ltd. for 390 Assiniboine Avenue be approved.

2. That the City enter into, execute and deliver an assignment agreement with 10077001 Manitoba Ltd. and such other agreements as determined necessary by the City Solicitor

/ Director of Legal Services to implement the intent of the foregoing (the “Ancillary Agreements”).

3. That authority be delegated to the Chief Financial Officer to negotiate the terms and conditions of the assignment agreement and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

4. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Council approval is required for the City to assign a grant and enter into an agreement with 10077001 Manitoba Ltd.

IMPLICATIONS OF THE RECOMMENDATIONS

The City will be committing to granting nine further years of annual incremental taxes to this project with a maximum gross contribution of $1.9 million.

HISTORY/DISCUSSION

On September 28, 2016, Council approved a Strategic Economic Incentive Grant in favour of 390 Assiniboine Ave Inc. for a residential project at 390 Assiniboine Avenue. The grant is in the form of incremental municipal property taxes over a period of 10 years to a maximum of $1.9 million.

On February 9, 2017, The City of Winnipeg was served with a Notice of Motion from Caisse Populaire Group Financier Ltée. seeking to force 390 Assiniboine Ave Inc. into receivership. On February 10, 2017, PricewaterhouseCoopers (PWC) was court-appointed as receiver, to take control over management of 390 Assiniboine Ave Inc. and to complete the project. The City of Winnipeg entered into an agreement with 390 Assiniboine Ave Inc. under the receivership of PWC on July 21, 2017.

The project at 390 Assiniboine Avenue. was completed in 2019 with 87 condominium units being eligible under the grant agreement. PWC is requesting assignment of the grant to 10077001 Manitoba Ltd. who will continue to sell all remaining condominium units. PWC has advised that this transition is the natural evolution of the receivership as the specific expertise of the receiver is not critical to the ongoing unit sales of the project.

The first grant payment for this project was made in September 2020 to 390 Assiniboine Ave Inc. under the receivership of PWC, which leaves nine years remaining under the grant agreement.

A corporate search of 10077001 Manitoba Ltd. has been conducted and they are in good standing. 10077001 Manitoba Ltd. has issued shares to holding companies owned by Steinbach

Credit Union and Caisse Populaire Group Financier Ltée, who will be the ultimate owners of the project, with 73.3% and 26.7% of the shares respectively.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 12, 2021

Project Name:

First Year of Program **2021**

Assignment of Grant Agreement from 390 Assiniboine Ave Inc. to 10077001 Manitoba Ltd. – 390 Assiniboine Avenue

	2021	2022	2023	2024	2025 to 2029
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 175,000	$ 175,000	$ 175,000	$ 175,000	$ 875,000
Less: Incremental Revenue/Recovery	175,000	175,000	175,000	175,000	875,000
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs represent the estimated incremental taxes to be granted back to the proponent while incremental revenues represent incremental taxes that will be paid to the City. Over the 9-year period, it is estimated that $1.575 million in incremental taxes will be collected by the City and granted back to the proponent. There is no risk to the City as the annual grant amount is limited to actual incremental taxes collected.

Mike McGinn Apr. 12, 2021

Mike McGinn, CPA, CA
Manager of Finance

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

OurWinnipeg Section 01-4 – A City That Works – Housing

- Direction 6: Encourage residential development downtown
    - Enhance the quality of downtown residential life
    - Adapt and develop tools to support desired development
    - Promote downtown living with developers and potential residents

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

SUBMITTED BY

Department: Planning, Property and Development
Division: Office of the Director
Prepared by: L. DesAutels
Date: April 13, 2021
File No: N/A