Agenda – Council – June 24, 2021

Report – Executive Policy Committee – June 16, 2021

Item No. 5 Review of Agreements between the City of Winnipeg, Triple B Stadium Inc. and the Winnipeg Football Club and the Proposed New Agreement

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 16, 2021, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the *Entertainment Funding Tax Agreement* between The City of Winnipeg, Triple B Stadium Inc. and the Winnipeg Football Club be amended to remove the requirement for certain (pre-season and regular season Winnipeg Blue Bomber games) entertainment funding tax grants and facility fees be restricted to paying principal and interest on loans to construct IG Field commencing January 1, 2019.

2. That upon execution of the new agreement (New Agreement) between the Province of Manitoba, Triple B Stadium Inc. and Winnipeg Football Club to protect and sustain the viability of IG Field and satisfaction of the conditions precedent therein, Council give consent to removing the City of Winnipeg as a member and rescind its appointment of Paul Olafson as the City of Winnipeg's representative to the Board of Directors of Triple B Stadium Inc.

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

Report – Executive Policy Committee – June 16, 2021

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 16, 2021, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 17, 2021, the Executive Policy Committee granted a further extension of time of 90 days for the Winnipeg Public Service to report back on the matter.

On December 9, 2020, the Executive Policy Committee granted a further extension of time of 90 days for the Winnipeg Public Service to report back on the matter.

On September 21, 2020, the Executive Policy Committee granted a further extension of time of 90 days for the Winnipeg Public Service to report back on the matter.

On May 22, 2020, the Executive Policy Committee granted a further extension of time of 60 days for the Winnipeg Public Service to report back on the matter.

On March 10, 2020, the Executive Policy Committee granted a further extension of time of 60 days for the Winnipeg Public Service to report back on the matter.

On December 3, 2019, the Executive Policy Committee granted an extension of time of 90 days for the Winnipeg Public Service to report back on the matter.

On July 9, 2019, the Executive Policy Committee passed the following motion:

WHEREAS the City of Winnipeg is undertaking a review of the City's core service delivery responsibilities under the City of Winnipeg Charter and other relevant legislation;

Report – Executive Policy Committee – June 16, 2021

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

AND WHEREAS the City of Winnipeg does not have any legislative responsibility to govern or operate a professional sports team or stadium;

AND WHEREAS the City of Winnipeg currently has representation on the board of directors for the Winnipeg Football Club and Triple B Stadium Inc. (Triple B);

AND WHEREAS the City of Winnipeg is one of three members of Triple B, with the other two members being the Winnipeg Football Club and the University of Manitoba;

AND WHEREAS the City of Winnipeg has entered into various agreements with Triple B and the Winnipeg Football Club;

AND WHEREAS the Province of Manitoba has written off the value of its loans to Triple B related to the construction of IG Field;

AND WHEREAS the Auditor General of Manitoba has reviewed the financing and accounting for IG Field and will be conducting a review of the land transaction involving the former Winnipeg Stadium site;

AND WHEREAS a review of the City of Winnipeg's current role in Triple B and the Winnipeg Football Club is warranted;

AND WHEREAS the aforementioned review should be conducted to ensure that both the Winnipeg Football Club and IG Field are positioned for success in the future.

THEREFORE BE IT RESOLVED that the Winnipeg Public Service report back in 120 days with the following, namely:

A. A review of all current agreements that involve the City of Winnipeg, Triple B Stadium Inc. (Triple B) and the Winnipeg Football Club;

B. The steps necessary to potentially remove the City of Winnipeg representative from the Board of Directors of Triple B and the Winnipeg Football Club;

C. The steps necessary to potentially divest the City of Winnipeg of its membership interest in Triple B.

Report – Executive Policy Committee – June 16, 2021

DECISION MAKING HISTORY (continued):

EXECUTIVE POLICY COMMITTEE RECOMMENDATION (continued):

BE IT FURTHER RESOLVED that the Winnipeg Public Service consider the City of Winnipeg's existing financial arrangements with Triple B and the Winnipeg Football Club and report back in 120 days with a go forward plan that helps to position the Winnipeg Football Club and IG Field for success in the future.

ADMINISTRATIVE REPORT

Title: Review of Agreements between the City of Winnipeg, Triple B Stadium Inc. and the Winnipeg Football Club and the Proposed New Agreement

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
P. Olafson	C. Kloepfer	C. Kloepfer	M. Ruta, Interim CAO

EXECUTIVE SUMMARY

On May 14, 2021, the Province of Manitoba issued a news release announcing a new agreement between the Province, Triple B Stadium Inc. and the Winnipeg Football Club (WFC) to protect and sustain the viability of IG Field.

A key aspect of the new agreement suspends the current debt payments by Triple B Stadium Inc. on IG Field – essentially the Province has no expectation that the outstanding balance of this loan will be repaid. The Province has also established a $10 million Capital Fund for ongoing capital investments to IG Field.

Under an existing agreement, a portion of the entertainment funding tax grant provided by the City to WFC is dedicated to making payments on debt for IG Field. The need for these payments is now not required with the new agreement announced by the Province.

The City is now being asked by the Province and WFC to amend its current agreement on the entertainment funding tax grant to allow WFC to use the full amount of this grant at their discretion, rather than dedicating a portion of it to repay the debt for IG Field. There is no impact to the financial position of the City if this amendment is approved, and it will help position IG Field and WFC for success in the future.

Pursuant to the new agreement announced by the Province, the entertainment funding tax grant would form part of Winnipeg Football Club's general operating revenues. Should WFC generate a net profit, it is intended to be allocated to the newly established Capital Fund (designed to reinvest in IG Field) or an Operating Reserve (designed to meet unexpected or emergency operational needs of WFC).

Allowing WFC discretionary use of its entire entertainment tax grant is consistent with similar entertainment tax grant agreements with True North Sports and Entertainment and the Winnipeg Goldeyes, with the exception that the amended agreement for WFC does not have a pre-determined end date (which is consistent with its current entertainment funding tax agreement) whereas the other two sports organizations have specified ends dates in their respective agreements. (see Appendix 3)

The City's obligations under its Tax Increment Financing (TIF) agreement with the Province of Manitoba and Triple B Stadium Inc. remain unchanged with the new agreement.

Under this new agreement, the City will no longer be a member of Triple B or have a board member appointed to Triple B. As well, the City currently does not, and will not have a director appointed to the Board of WFC in the future.

RECOMMENDATIONS

1. That the *Entertainment Funding Tax Agreement* between The City of Winnipeg, Triple B Stadium Inc. and the Winnipeg Football Club be amended to remove the requirement for certain (pre-season and regular season Winnipeg Blue Bomber games) entertainment funding tax grants and facility fees be restricted to paying principal and interest on loans to construct IG Field commencing January 1, 2019.

2. That upon execution of the new agreement (New Agreement) between the Province of Manitoba, Triple B Stadium Inc. and Winnipeg Football Club to protect and sustain the viability of IG Field and satisfaction of the conditions precedent therein, Council give consent to removing the City of Winnipeg as a member and rescind its appointment of Paul Olafson as the City of Winnipeg's representative to the Board of Directors of Triple B Stadium Inc.

3. 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

At its July 9, 2019 meeting, the Executive Policy Committee directed the Winnipeg Public Service to:

1. Report back in 120 days with the following, namely:
    A. A review of all current agreements that involve the City of Winnipeg, Triple B Stadium Inc. (Triple B) and the Winnipeg Football Club;
    B. The steps necessary to potentially remove the City of Winnipeg representative from the Board of Directors of Triple B and the Winnipeg Football Club;
    C. The steps necessary to potentially divest the City of Winnipeg of its membership interest in Triple B.
2. Consider the City of Winnipeg's existing financial arrangements with Triple B and the Winnipeg Football Club and report back in 120 days with a go forward plan that helps to position the Winnipeg Football Club and IG Field for success in the future.

Subsequent extensions were granted by Executive Policy Committee.

Council approval is required to amend decisions made by Council previously.

IMPLICATIONS OF THE RECOMMENDATIONS

In providing the Winnipeg Football Club flexibility in how it uses the entertainment funding tax grant, it serves to position the Winnipeg Football Club and IG Field for success in the future. It also means the treatment of the Winnipeg Football Club will be consistent with other sport organizations which receive the entertainment funding tax grant.

The City will relinquish its member status and its position on the Board of Directors of Triple B Stadium Inc. upon the execution of the new agreement.

HISTORY/DISCUSSION

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 entertainment funding tax grant provided by the City to Winnipeg Football Club ("WFC") to be used annually as follows:

A. the first Two Million ($2,000,000) dollars shall be paid by WFC to Triple B to be applied by Triple B to pay down the outstanding balance of the Provincial loan required to be repaid by WFC;
B. the next Five Hundred Thousand ($500,000) dollars shall be paid by WFC to Triple B to be applied by Triple B to a Stadium Capital Fund; and
C. the balance, if any, shall be paid by WFC to Triple B to be applied by Triple B to pay down the outstanding balance of the Provincial loan required to be repaid by WFC.

On February 27, 2013, this requirement was amended to have the entertainment funding tax grant used for <u>any</u> debt obligation of Triple B and dispensed with the requirement for contributions to a Stadium Capital Fund. As well, Council approval included provision that:

A. Following repayment in full the outstanding balance of debt obligations incurred by Triple B with respect to IG Field, the provision of entertainment funding tax grants be referred to Council; and
B. That should for any reason WFC or Triple B 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 Triple B respectively with respect to the New Stadium.

These matters are included in the *Entertainment Funding Tax Agreement* between the City, WFC and Triple B.

<u>Discussion</u>

IG Field (also referred to in this report as the "New Stadium") was opened in 2013 and is home to the Winnipeg Blue Bombers, the University of Manitoba Bisons and the Valour FC. The cost to construct the new stadium was $202.8M, financed with grants from the Province of Manitoba ($22.5M), The City of Winnipeg ($7.5M) and the Winnipeg Football Club (WFC) ($2.0M), and the remainder with debt ($170.8). IG Field is owned by Triple B Stadium Inc (Triple B). The City also provided a grant for $2.5 million for the construction of a Community Accessible Fitness Centre constructed at the University of Manitoba (U of M).

BBB Stadium Inc. (now Triple B Stadium Inc.) was incorporated on Nov 19, 2010 as a non-share capital corporation (ie. a corporation composed of members rather than shareholders). There are three members of the corporation – the City, the U of M and the WFC. The Board of Triple B is comprised of four directors – one director appointed by each of the members and the fourth by the Province. The Articles of Incorporation (the "Articles") were amended on July 25, 2014 to change the name of the corporation from BBB Stadium Inc. to Triple B Stadium Inc.

As detailed in the Articles, Triple B's undertakings are restricted to the following:

a. To acquire a leasehold interest in land located at the Fort Garry campus of The University of Manitoba (the "Stadium Land");
b. To develop and construct a stadium on the Stadium Land, together with associated improvements, for use by the Winnipeg Blue Bomber football team and The University of Manitoba Bisons football team and for use for amateur athletics and other public purposes (the "New Stadium");
c. To own the New Stadium;
d. To operate, and enter into an agreement to operate the New Stadium.

Triple B has entered into a Management Agreement with WFC who are managing all aspects of the stadium's operation.

Current agreements

Triple B was established to construct and operate the New Stadium and has entered into various agreements to achieve these objectives, which the City is not a legal party to, including:

- Loan Agreement between Triple B and the U of M dated December 15, 2010;
- Ground Lease between Triple B, the U of M and WFC dated December 15, 2010;
- Development Agreement for the construction of the New Stadium between Triple B and U of M dated December 15, 2010;
- Management Agreement between WFC and Triple B for the operation of the New Stadium dated December 15, 2010;
- Comprehensive Event Day Plan Agreement between Triple B and U of M dated May 23, 2013; and
- A Transition Agreement among all parties to facilitate the transition of matters required to meet the amended Economic Development Initiative.

In addition to the above listed agreements, the City is a legal party to the following agreements:

- Access Procedure Agreement between the City, Triple B, U of M and WFC dated December 15, 2010 which sets out who is able to use the stadium and the process for same;
- Entertainment Funding Tax Agreement between the City, WFC and Triple B dated March 19, 2013 which provides for a grant paid by the City to WFC in an amount equal to the entertainment funding taxes collected and remitted to the City by WFC; and
- Agreement under the Community Revitalization Tax Increment Financing Act between the City, the Province and Triple B dated October 2, 2015 which provides for funding paid to Triple B by the City and the Province.

Removal of the City's representative from the Board of Directors

Since its inception, the City has had a Council approved member on the board of Triple B.

As noted, Triple B's Articles allow the City to nominate a director for the Triple B board. The Articles can only be amended with the consent of the Finance Minister (provided for in the Articles) and the other Members (provided for in the By-law of Triple B). To remove the City's participation on the Board, Council could simply decline to name a Director. In that case, Triple B would be governed by Directors appointed by U of M, the Province and WFC. A decision by the City to decline to appoint a director to the Triple B board would not change any other responsibilities the City has as a result of its agreements with Triple B.

The City's representation on the Board of WFC comes by way of the Management Agreement between Triple B and WFC. In this case, WFC and its Board commit to appoint a single nominee from both the City and the Province to the Board of WFC. Both the City and the Province currently do not have nominees to the WFC Board. Although the Board of WFC could still offer a seat for the City on their Board, removal of the City as a member and board member of Triple B would also end the basis for the commitment made by WFC to have a representative from the City on the Board of WFC.

The steps necessary to potentially divest the City of Winnipeg of its interest in Triple B

In order to remove the City as a member of Triple B and to divest the City of its interest, amendments would be required to both the Articles and a By-law of Triple B. To amend the Articles, the Minister of Finance needs to consent in writing and all members of Triple B would need to sign a resolution. Once the Articles are amended, the By-law of Triple B also needs to be amended by Special Resolution of the Directors.

Financial arrangements with Triple B and the Winnipeg Football Club

The City of Winnipeg has two existing financial commitments related to IG Field. The first relates to By-law 121/2014 and the second relates to the refunding of entertainment funding taxes.

By-Law 121/2014 ("TIF Agreement")

Under By-law 121/2014, the City is responsible for refunding incremental municipal taxes generated from the former Winnipeg Stadium Site TIF zone. This By-law was a Tax Increment Financing (TIF) arrangement where the incremental property taxes from the commercial development of the old stadium site were designated to the repayment of debt associated with the new stadium. The terms of this are laid out in the Agreement under the Community Revitalization Tax Increment Financing Act.

This By-law created a TIF zone which consists of the properties located within the area bounded by St. Matthews Avenue, Empress Street, Maroons Road and St. James Street. All municipal property taxes collected within this area are to be paid to Triple B and are designated for the repayment of Triple B's loan (First Phase) from the University of Manitoba of $75.0 million plus interest.

This By-law was passed by Council on December 10, 2014 and is in effect to the earlier of Triple B repaying their debt obligations on the construction of IG Field with the U of M or December 31, 2037. Payments made to Triple B in 2019 under this By-law totaled $270,869.

Refund of Entertainment Funding Tax Collected ("Entertainment Funding Tax Agreement")

The City of Winnipeg entered this agreement with the WFC and Triple B on March 19, 2013. The authority to enter into this agreement was granted by Council on December 15, 2010 when Council authorized the provision of a grant by the City of Winnipeg to WFC in the amount equivalent to all entertainment funding taxes collected and remitted by WFC to the City. Under this agreement, entertainment funding taxes collected on events held at IG Field are first remitted to the City by WFC and then granted back to WFC.

- Entertainment funding taxes collected/granted back on regular season and exhibition games must be paid by WFC to Triple B to be used to reduce debt obligations ("debt servicing stream") (2019 - $932,451).

- Entertainment funding taxes collected/granted back to WFC on any other stadium events (e.g. – play-off games, concerts, Valour FC games) are not subject to the same provision. These are granted back to WFC without any restrictions (2019 - $417,258).

The Entertainment Funding Tax Agreement is in force until Triple B's debt obligations have been paid in full. However, the City's undertaking and agreement to pay the Grant is "subject to annual operating budget approval by Council". There are also provisions that allow the City to terminate the agreement if the WFC or Triple B is in default pursuant to certain sections of the agreement "and the breach or default is of a nature that, in the opinion of the City, is not capable of being remedied". This agreement also states that the City is not responsible for any unpaid portion of Triple B's debt obligation.

Refund of entertainment taxes collected/granted back totaled $1,349,709 in 2019. Due to the COVID-19 pandemic, there were no events at IG Field from which entertainment funding taxes were collected in 2020.

The 2019 amounts paid under these agreements are summarized as follows:

Table 1

SOURCE	2019 AMOUNTS PAID
TIF Agreement, servicing Triple B debt	$270,869
Entertainment Funding Tax Agreement	
Servicing Triple B debt	932,451
Unencumbered to WFC	417,258
Entertainment Funding Tax Agreement, Total	1,349,709
TOTAL	**$1,620,578**

Go Forward Plan – Proposed New Agreement

The City's existing and ongoing financial arrangements related to IG Field are for the refunding of all municipal taxes collected on the old stadium site and the granting back of a portion the entertainment taxes collected at IG Field.

Over the past number of months, the Province and WFC have been working together on plans to better secure IG Field's future. The original business plan has not resulted in cashflow sufficient to reduce the debt and accrued interest. Including accrued interest, the amount owing by Triple B on its debt is $212.8 million.

As well, there is no funding source for Triple B to reinvest in IG Field. In order to maintain IG Field in good condition, there needs to be ongoing stadium reinvestment. There are certain building components that will not last the life of the stadium and will require replacement (e.g. artificial turf, scoreboard).

On December 2, 2020, Triple B approached the City, via a letter, requesting the Entertainment Funding Tax Agreement be amended to modify the obligations set out therein, permitting flexibility to WFC in how the 2019 entertainment funding tax grant for the debt servicing stream is used. As noted in this report, the use of a portion of this grant is currently restricted to servicing the debt obligations of Triple B.

The request from Triple B was made pursuant to a letter they received from the Province proposing debt servicing relief. In a letter dated September 25, 2020 to Triple B and WFC, the Province, with the concurrence of the U of M, advised it was prepared to make the following accommodation to assist Triple B and WFC with the implications of the COVID-19 pandemic and the resulting cancellation of the 2020 Canadian Football Season:

> Defer the annual payment due on July 31, 2020 of principal and interest on the second phase of the loan for the period ending the earlier of:
>
> a. The date of expiration for the state of emergency declared by the Province with respect to the COVID-19 pandemic; and
> b. December 31, 2022.

This applies to the payments due from Triple B to the U of M and from the U of M to the Province. Appendix 1 depicts the cashflow.

The granting of this deferral is conditional upon Triple B confirming that the City has agreed to modify the obligation under the Entertainment Funding Tax Agreement, for 2019 and going forward, such that all City entertainment funding tax grants and WFC facility fees may be applied for purposes other than payments of principal and interest under the debt agreements, specifically stadium operations and stadium capital improvements.

On May 14, 2021, the Province issued a news release announcing a new agreement (New Agreement) between the Province, Triple B and WFC to protect and sustain the viability of IG Field. The agreement has been shared with the City – see Appendix 2 for pertinent details. For the City, the New Agreement reaffirms the desire expressed in the December 2, 2020 letter.

The New Agreement puts the debt servicing stream of the entertainment funding tax in abeyance – the Province has no expectation for this debt to be repaid. As such, the need for this encumbrance is redundant.

Removing this encumbrance and pursuant to the New Agreement, the entertainment funding tax grant would form part of WFC's operating revenue. Should a net profit be generated, it is intended to be allocated to a Capital Fund (designed to reinvest in IG Field) or an Operating Reserve (designed to meet unexpected or emergency operational needs of WFC). This will help position both WFC and IG Field for success in the future.

Allowing the entertainment funding tax grant to be unencumbered will make this treatment consistent with similar grants made to both True North Entertainment and Winnipeg Goldeyes and consistent with how the remainder of the entertainment funding tax grant to WFC is made. See Appendix 3 for entertainment funding tax grants for the past five years.

Under the New Agreement, as WFC will be the sole shareholder/member of Triple B, the City will terminate its membership interest. Amounts payable to the Province under the TIF Agreement will continue.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 31, 2021

Project Name:

First Year of Program **2021**

Review of Agreements between the City of Winnipeg Triple B Stadium Inc. (Triple B) and the Winnipeg Football Club

	2021	2022	2023	2024	2025
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	$ 1,450,000	$ 1,450,000	$ 1,450,000	$ 1,450,000	$ 1,450,000
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ 1,450,000	$ 1,450,000	$ 1,450,000	$ 1,450,000	$ 1,450,000
Less: Existing Budget Amounts	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1) Direct costs reflect the estimated Entertainment Funding Tax Grant back to the Winnipeg Football Club. The recommendations will not impact the amount of the grant, however, will provide the recipient with latitude of how the grant funds are used.

2) This grant is budgeted for in the Assessment and Taxation Department in the adopted 2020-2023 Multi-year budget and assumed to continue in future years, and therefore there is no financial impact to the recommendations.

original signed by P. Olafson
Paul Olafson
Corporate Controller
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

Legal Services

OURWINNIPEG POLICY ALIGNMENT

Prosperity – Provide Efficient and Focused Civic Administration and Governance - Maintain policies to manage investments in physical assets, including infrastructure, fleet and facilities to ensure effective procurement, maintenance, replacement and disposal.

Prosperity – Maintain Strong Intergovernmental Cooperation – Pursue collaborative approaches to crime prevention, infrastructure renewal, competitive taxation, regulatory overlap and regional economic development.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

N/A

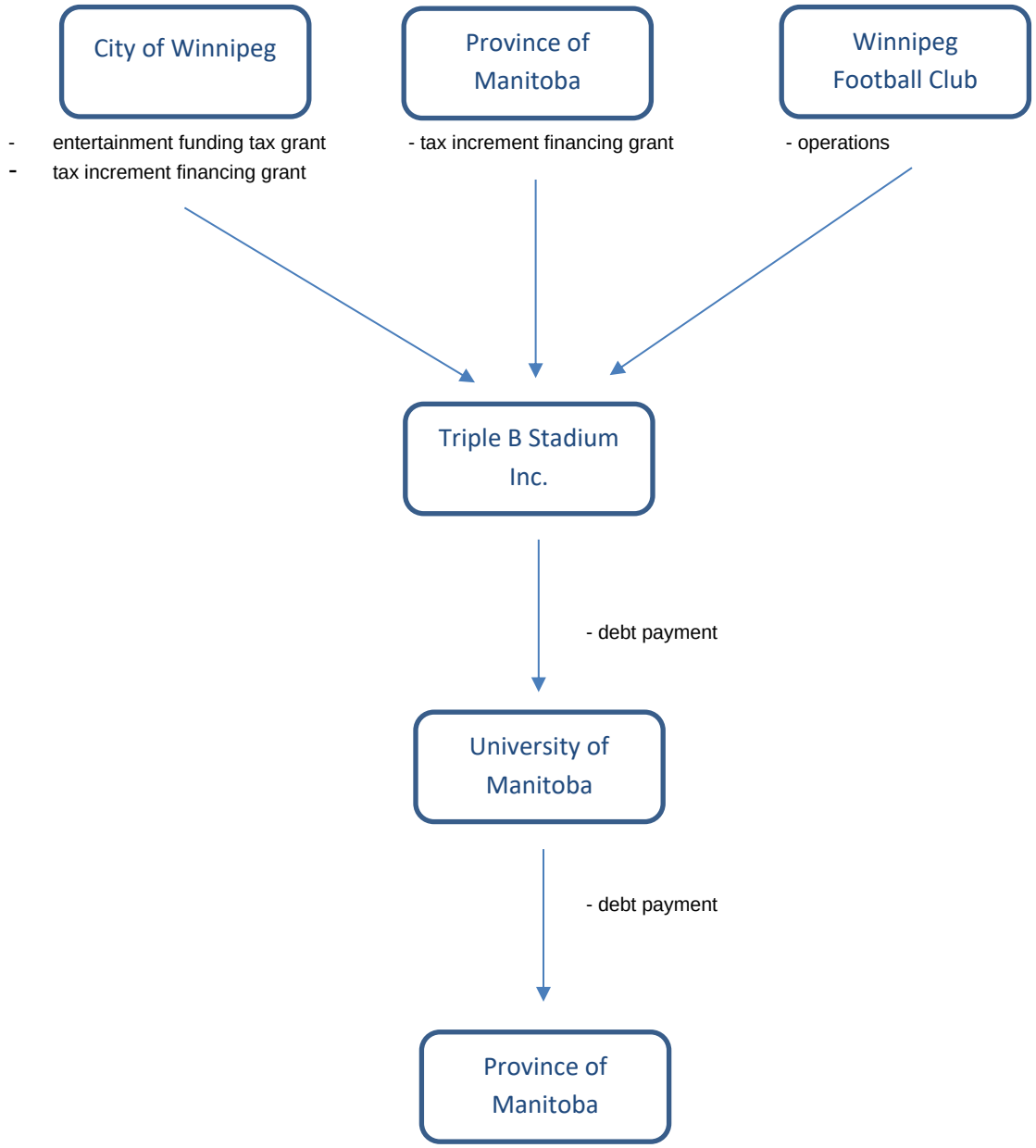
SUBMITTED BY

Department: Corporate Finance
Division: Corporate Controller's
Prepared by: P. Olafson
Date: May 31, 2021

Attachments:

Appendix 1 – Cashflow structure on debt payments (IG Field Construction)
Appendix 2 – Pertinent Details from the New Agreement
Appendix 3 – Entertainment Funding Tax grants – 2015 to 2019

Appendix 1 –
Cashflow structure on debt payments (IG Field Construction)



Appendix 2 – Pertinent
Details from the New Agreement

- Parties to the agreement – Province, WFC and Triple B
- The agreement is conditional on the City consenting to the following conditions precedent, which must be fulfilled no later than September 1, 2021:
    - The City and UofM to give consent to Triple B to solely determine its corporate structure as a for-profit or not-for-profit corporation with WFC being the sole shareholder/member
    - Commencing in 2021, all entertainment funding tax grants to WFC can be used under the conditions of the New Agreement, including payments on a temporary operating loan facility, to a capital fund to support IG Field stadium reinvestment, to stadium operating expenses and a WFC operating reserve, and to original construction debt.
- WFC will be responsible to establish a Capital Fund for the on-going and future capital improvements and capital costs of maintaining and repairing the infrastructure at IG Field. A capital reinvestment analysis commissioned by Triple B serves as the basis for Capital Fund funding levels.
- WFC will be responsible to establish an Operating Reserve, to a maximum of $10 million.
- On execution of the agreement and fulfilled conditions precedent, $10 million currently in trust will be released to WFC to then be directed to the Capital Fund.
- Annual net profit of WFC will be allocated in the following amounts and order (subject to maximums not already reached):
    - $1 million to the Capital Fund
    - Greater of withdrawals from the Operating Reserve made the previous two years and $1 million
    - Remainder to the Capital Fund
    - If maximums reached and net profit left to allocate, it will be paid to the Province
- All loans to Triple B relating to the deficiencies and construction of IG Field shall be held in abeyance. No payments shall be made, except for that payment to the Province noted in the previous bullet and payments under the TIF Agreement.
- Province is responsible for costs associated with the ongoing stadium deficiency work.
- The litigation associated with the stadium deficiency work will be managed and the sole responsibility of the Province.

Appendix 3
Entertainment Funding Tax Grants –
2015 to 2019

	Termination Dates	2015	2016	2017	2018	2019	*Projected 2022 to 2038 *(in millions)*
True North Entertainment	2029	$7,056,978	$7,713,724	$6,913,463	$9,786,695	$8,349,218	$137.7
Winnipeg Goldeyes	2038	275,349	347,942	353,514	279,259	249,452	5.5
Winnipeg Football Club	No fixed date, terminates once Triple B debt obligations repaid.						
Triple B Debt Obligations		970,789	941,080	978,387	961,595	932,451	
Unencumbered		1,670,387	981,049	499,696	-	417,258	
Total		2,641,176	1,922,129	1,478,082	961,595	1,349,709	19.0

The entertainment funding tax grant to the Winnipeg Football Club is split as follows:

- Triple B Debt Obligations - Entertainment funding taxes collected/granted back on regular season and exhibition games.
- Unencumbered - Entertainment funding taxes collected/granted back to WFC on any other stadium events (e.g. – play-off games, concerts) are not subject to the same provision.

* Projections of entertainment funding tax grants are based upon 2021 Budget and is provided for comparative purposes. These are subject to Council's approvals of same through 2038.