Agenda – Executive Policy Committee – December 5, 2023

REPORTS

Item No. 20 Shareholder Approval of a six-month extension to the Option to Purchase Agreement for the Portage Place Mall Assets by North Portage Development Corporation to True North Real Estate Development Limited (Daniel McIntyre Ward)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the City of Winnipeg, as a shareholder of the North Portage Development Corporation (NPDC), approve a six-month extension to the Option to Purchase Agreement from December 31, 2023, to June 30, 2024, to sell the NPDC assets at Portage Place Mall (as hereinafter defined) to True North Real Estate Development Limited (TN).

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

ADMINISTRATIVE REPORT

Title: Shareholder Approval of a six-month extension to the Option to Purchase Agreement for the Portage Place Mall Assets by North Portage Development Corporation to True North Real Estate Development Limited

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Dryburgh	M. Jack	N/A	M. Jack

EXECUTIVE SUMMARY

North Portage Development Corporation (NPDC) is seeking approval from its three shareholders – the City, the Province of Manitoba, and the Government of Canada – for a six-month extension to the Option to Purchase Agreement to sell its land, parking and air rights (The Assets) at Portage Place Mall to True North Real Estate Development Limited (TN).

If this extension is approved, it would extend the time period for TN to exercise its option to purchase The Assets from December 31, 2023, to June 30, 2024. The Option to Purchase Agreement (attached as Appendix A) reflects the terms and conditions in the Option Agreement Term Sheet that was approved by the shareholders in March 2023.

This extension is required by TN in order to continue their due diligence towards a potential purchase of The Assets.

TN's ongoing due diligence includes continued public engagement to help shape redevelopment of the mall. TN has completed Phase 1 of its public engagement, which included targeted stakeholder consultations and resulted in the receipt of over 700 survey responses through on-line and in person methods. Top priorities for the re-development of the mall that were identified include affordable housing (including rent-geared-to-income [RGI] housing), a grocery store and maintaining the Prairie Theatre Exchange. Further public engagement is planned in the coming months. See Appendix B – TRUE NORTH CAMPUS Community Engagement Summary Report for more information.

The Federal Government and Province of Manitoba have not yet approved a six-month extension to the Option to Purchase Agreement. However, it is recommended that the City of Winnipeg (as one of three shareholders of NPDC) approve the six-month extension at this time.

Should this extension be approved and TN ultimately decide to exercise its option to purchase The Assets, NPDC and TN will prepare a Purchase and Sale Agreement that would be subject to shareholder approval at a future time.

RECOMMENDATIONS

1. That the City of Winnipeg, as a shareholder of the North Portage Development Corporation (NPDC), approve a six-month extension to the Option to Purchase Agreement from December 31, 2023, to June 30, 2024, to sell the NPDC assets at Portage Place Mall (as hereinafter defined) to True North Real Estate Development Limited (TN).

2. 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

The Board of The Forks North Portage has approved a six-month extension to the Option to Purchase Agreement for the sale of the Portage Place Mall assets to TN and has requested approval of this extension from all three of its shareholders. The City of Winnipeg, as a shareholder, must give permission for the extension to be granted.

IMPLICATIONS OF THE RECOMMENDATIONS

City of Winnipeg approval, as one of three shareholders of NPDC, will help to ensure the proposed extension is approved which will provide TN an additional six months to conduct due diligence towards a potential purchase of the Portage Place Mall assets from NPDC.

HISTORY / DISCUSSION

North Portage Development Corporation (NPDC) is seeking approval from its three shareholders – the City, the Province of Manitoba, and the Government of Canada – for a six-month extension to the Option to Purchase Agreement to sell its land, parking and air rights (The Assets) at Portage Place Mall to True North Real Estate Development Limited (TN).

If this extension is approved it would extend the time period for TN to exercise its option purchase The Assets from December 31, 2023 to June 30, 2024.

The Option to Purchase Agreement reflects the terms and conditions in the Option Agreement Term Sheet that was approved by the shareholders in March 2023. Key terms and conditions in this Agreement include an asset purchase price of not less than $34.5 million, a requirement for TN to conduct stakeholder and community engagement on the redevelopment of the mall and a requirement to maintain public access to the skywalks as part of a future Purchase and Sale Agreement.

The Option to Purchase Agreement also includes a requirement for TN to close a separate purchase of the building and other leasehold interests of Spruceland Mall Limited Partnership in Portage Place Mall as part of a future Purchase and Sale Agreement.

A six-month extension to the Option to Purchase Agreement is required by TN to continue their due diligence towards a potential purchase of The Assets.

TN's ongoing due diligence involves continued public engagement to help shape the redevelopment of the mall. TN has completed Phase 1 of its public engagement which was conducted from May to July of 2023. This engagement included the formation of a working group that provided guidance on the engagement process and served as a network of communication for local community interest groups and stakeholders. Phase 1 of the engagement also included stakeholder meetings with key organizations and entities, an in-person pop-up public engagement event, an on-line survey as well as focus group meetings with social planning organizations.

Over 700 survey responses were received during the Phase 1 engagement process. Top priorities for the redevelopment that were identified by the respondents include a grocery store, affordable housing (including RGI housing) and maintaining the Prairie Theatre Exchange. TN plans to undertake further public engagement on the redevelopment of the mall with community members and stakeholder groups.

Should this extension be approved and TN ultimately decide to exercise its option to purchase The Assets, NPDC and TN will prepare a Purchase and Sale Agreement that would be subject to shareholder approval at a future time.

FINANCIAL IMPACT

Financial Impact Statement

Date: November 27, 2023

Project Name:
Shareholder Approval of a six-month extension to the Option to Purchase Agreement for the Portage Place Mall Assets by North

COMMENTS:

There are no financial implications associted with the recommendations in this report.

Randy Bernard

Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

- Legal Services

OURWINNIPEG POLICY ALIGNMENT

Economic Prosperity - 3.6 Downtown Economic Investment. Prioritize the Downtown by leveraging private and public investments.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan and its Goals and Objectives, and it was determined that this Plan is not applicable to this report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy and its Goals and Objectives, and it was determined that this Strategy is not applicable to this report.

SUBMITTED BY

Department: Office of the Chief Administrative Officer
Prepared by: Matt Dryburgh Senior Manager, Economic Development and Policy
Date: November 27, 2023

Appendix A: Option to Purchase Agreement

Appendix B: TRUE NORTH CAMPUS Community Engagement Summary Report