Agenda – Council - May 18, 2005

Report – Executive Policy Committee – May 11, 2005

Item No. 3 Canad Inns Stadium, 1465 Maroons Road - Amendment to Canad Inns Stadium Lease with Winnipeg Enterprises Corporation - Assignment to Winnipeg Football Club
File F-5

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 11, 2005, the Executive Policy Committee concurred in the administrative recommendation and submits the following to Council:

1. Authorize the Chief Financial Officer, in consultation with Legal Services, to finalize an agreement, to amend and extend the existing Canad Inns Stadium Lease with the Winnipeg Enterprises Corporation (WEC) to December 21, 2054 upon terms and conditions consistent with the report and to finalize such other documents and collateral or ancillary agreements deemed necessary to satisfy the intent of Council.

2. Consent to the assignment of the amended stadium lease to the Winnipeg Football Club (WFC) in order to facilitate continued operations at the Canad Inns Stadium.

3. 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.

4. Authorize that Winnipeg Enterprises Corporation write-off the income debenture to match repayments as noted in Recommendation No. 3 above.

5. Agree to defer repayment of the income debenture in 2004 and waive the interest payment thereon.

6. Authorize that the Entertainment Funding Tax revenue collected from regular and pre-season Winnipeg Football Club games at Canad Inns Stadium, be transferred to a fund to be administered by the City for the benefit of the stadium at 1465 Maroons Road once all repayments have been made as itemized in Recommendation No. 3 above subject to Council approval at that time.

Report – Executive Policy Committee – May 11, 2005

7. Authorize use of sale proceeds (net of demolition costs), from the disposition of the Winnipeg Arena to repay debt outstanding in Winnipeg Enterprises Corporation and authorize the Administration to arrange for tax-supported funding sufficient enough to retire all debt within its term.

8. Authorize amendments to the Letter of Intent setout in Schedule "A" as follows:

   A. In paragraph 9 eliminate reference to payments relating to amateur use after 2005 and authorize administration to negotiate and finalize an amateur sport access agreement as described in this report.

   B. In paragraph 10 require that transfer of use of equipment and other assets is contingent on continuation of Winnipeg Football Club operations at the current location. In the event that WFC move to a new site, all equipment and other assets transferred must remain at the current location.

9. Authorize that Winnipeg Enterprises Corporation continue at the option of the City to facilitate administration of these recommendations and that the Board of Directors of WEC be reduced to one director appointed by the Chief Administrative Officer.

10. Require the Winnipeg Football Club (WFC) to complete a feasibility study with respect to the construction of a new stadium and relocation of the WFC operation and provided that as a result of such feasibility study, WFC has concluded that it will not vacate the stadium premises at 1430 Maroons Road in favour of a new stadium and location, WFC shall be entitled to develop and lease pad sites at the Canad Inns Stadium property subject to the approval and consent in writing from the City's Director of Planning, Property and Development for all proposals, financing and sub-leasing terms and conditions relating thereto, such consent not to be unreasonably withheld.

11. Require the Administration to advise the Winnipeg Football Club that all pads developed at the stadium site will be assessed City taxes as prescribed in all applicable legislation and all such taxes be paid directly to the City.

12. Require that in the event of cancellation, expiry or termination of the Canad Inns Stadium Lease, the leasehold interest of Winnipeg Football Club on any outstanding pad lease shall revert to the City. In addition, require that the City have the ability and right to negotiate an early cancellation or buyout option of the leasehold interest of each pad lease.

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

Agenda – Council - May 18, 2005

Report – Executive Policy Committee – May 11, 2005

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On May 11, 2005, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

RE: **1465 Maroons Road – Canad Inns Stadium**

Proposed Amendment to the Canad Inns Stadium Lease with Winnipeg Enterprises Corporation (WEC) and Assignment to the Winnipeg Football Club (WFC).

FOR SUBMISSION TO: **Executive Policy Committee**

ORIGINAL REPORT SIGNED BY: **Chief Financial Officer**

REPORT DATE: **April 20, 2005**

RECOMMENDATION(S):

1. That Council:

   a) Authorize the Chief Financial Officer, in consultation with Legal Services, to finalize an agreement, to amend and extend the existing Canad Inns Stadium Lease with the Winnipeg Enterprises Corporation (WEC) to December 21, 2054 upon terms and conditions consistent with the report and to finalize such other documents and collateral or ancillary agreements deemed necessary to satisfy the intent of Council.

   b) Consent to the assignment of the amended stadium lease to the Winnipeg Football Club (WFC) in order to facilitate continued operations at the Canad Inns Stadium.

   c) Authorize the administration to prepare a schedule setting out the total debt incurred by WEC for 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.

   d) Authorize that WEC write-off the income debenture to match repayments as noted in sub-paragraph (c) above.

   e) Agree to defer repayment of the income debenture in 2004 and waive the interest payment thereon.

   f) Authorize that the Entertainment Funding Tax revenue collected from regular and pre-season WFC games at Canad Inns Stadium, be transferred to a fund to be administered by the City for the benefit of the stadium at 1465 Maroons Road once all repayments have been made as itemized in sub-paragraph (c) above subject to Council approval at that time.

g) Authorize use of sale proceeds (net of demolition costs), from the disposition of the Winnipeg Arena to repay debt outstanding in WEC and authorize the administration to arrange for tax-supported funding sufficient enough to retire all debt within its term.

h) Authorize amendments to the Letter of Intent setout in Schedule "A" as follows:

1. In paragraph 9 eliminate reference to payments relating to amateur use after 2005 and authorize administration to negotiate and finalize an amateur sport access agreement as described in this report.

2. In paragraph 10 require that transfer of use of equipment and other assets is contingent on continuation of WFC operations at the current location. In the event that WFC move to a new site, all equipment and other assets transferred must remain at the current location.

i) Authorize that WEC continue at the option of the City to facilitate administration of these recommendations and that the Board of Directors of WEC be reduced to one director appointed by the Chief Administrative Officer.

j) Require WFC to complete a feasibility study with respect to the construction of a new stadium and relocation of the WFC operation and provided that as a result of such feasibility study, WFC has concluded that it will not vacate the stadium premises at 1430 Maroons Road in favour of a new stadium and location, WFC shall be entitled to develop and lease pad sites at the Canad Inns Stadium property subject to the approval and consent in writing from the City's Director of Planning, Property and Development for all proposals, financing and sub-leasing terms and conditions relating thereto, such consent not to be unreasonably withheld.

k) Require the administration to advise WFC that all pads developed at the stadium site will be assessed City taxes as prescribed in all applicable legislation and all such taxes be paid directly to the City.

l) Require that in the event of cancellation, expiry or termination of the Canad Inns Stadium Lease, the leasehold interest of WFC on any outstanding pad lease shall revert to the City. In addition, require that the City have the ability and right to negotiate an early cancellation or buyout option of the leasehold interest of each pad lease.

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

REPORT SUMMARY

Key Issues:

- On December 18, 2001, the City of Winnipeg entered into an agreement with TN Arena Limited Partnership respecting the construction of the MTS Centre. Provisions of the agreement state, among other things, that the Winnipeg Arena is to be demolished contemporaneous with the opening of the MTS Centre.

- A member of Council was appointed by the former Mayor to oversee all activities resulting from the agreement with TN Arena Limited Partnership.

- On December 17, 2002, the Winnipeg Enterprises Administrative Steering Committee was established through the approval of the Chief Administrative Officer. This Committee was created in order to provide support to the Councillor in managing the transition, as well as, identifying options for the disposition of the Winnipeg Arena and minimizing liabilities for residual assets of the Winnipeg Enterprises Corporation.

- During numerous meetings with the City, WFC had requested an assignment of the lease for Canad Inns Stadium. A non-binding "Letter of Intent", was prepared and signed by the City, WEC and WFC, subject to the approval of Council. The "Letter of Intent" outlines the principles of the ongoing operation of the stadium (See Schedule "A" attached).

- On April 16, 2004, and subsequent to the preparation of the "Letter of Intent", WFC requested that WEC forgive a 1996 Series A Income Debenture, with an outstanding balance of $1,194,000.00.

- On June 23, 2004, Council approved a motion that, among other things, the City assume all remaining and prospective debt and liability of WEC upon termination of the arena lease.

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 of Winnipeg**
	Involves a multi-year contract

Comment(s):

The assignment to WFC of the amended Canad Inns Stadium Lease provides WFC with the continued use, control and operation of the Canad Inns Stadium.

Policy implications:

X	**No**

	Yes

Comment(s):

Environmental implications:

X	**No**
	Yes

Comment(s):

Human resources implications:

X	**No**
	Yes

Comment(s):

Financial implications:

X	**Within approved current and/or capital budget**
	Current and/or capital budget adjustment required

Comment(s):

The City is recommending that the Entertainment Funding tax earned from pre-season and regular season football games be dedicated to first retire the amount invested by WEC in WFC relating to income debentures and then related stadium debt in WEC which are estimated to be $1,194,000.00 and $3,265,000.00 respectively at December 31, 2004. Total repayments amount to $4,459,000.00. The City will ask WEC to write-off the income debenture over the same period as it is repaid.

Approximately $2,150,000.00 net proceeds from the disposition of the Winnipeg Arena property to be received in 2006 would be used by the City to repay debt outstanding in WEC and arrangements would be made for tax-supported funding sufficient enough to retire all debt within its term.

The City projects that all outstanding debt will be retired by 2014.

REASON FOR THE REPORT:

In accordance with a "Letter of Intent" between WEC, WFC and the City, certain amendments to the stadium lease with WEC and consent to the assignment of the amended lease to the WFC is required. The City is seeking direction-dedicating sources of repayment with respect to the outstanding debt remaining in WEC. This report is seeking Council approval of the foregoing matters.

HISTORY:

The Winnipeg Football Club was incorporated as a Manitoba Corporation on March 5, 1951. The object of the WFC is the promotion and fostering of football in the City of Winnipeg. The affairs of the WFC are managed by an executive of twelve (12) directors and seven (7) officers that include the President and C.E.O. who is responsible for the overall operation of the club.

Canad Inns Stadium Complex Lease:

On August 12, 1952, the City entered into a lease with WEC for the construction and use of the Canad Inns Stadium. The term of this lease was extended to December 21, 2017, by way of an amendment dated February 4, 1998.

On January 1, 2001, WEC and the WFC entered into a sublease for the Canad Inns Stadium for a term of five (5) years expiring December 31, 2005.

On December 18, 2001, the City of Winnipeg entered into an agreement with TN Arena Limited Partnership respecting the construction of the MTS Centre. Provisions of the agreement state, among other things, that the Winnipeg Arena is to be demolished contemporaneous with the opening of the MTS Centre.

On December 17, 2002, the Winnipeg Enterprises Administrative Steering Committee was established through the approval of the Chief Administrative Officer. This Committee was created in order to provide support to a member of Council appointed by a former Mayor in managing the transition, as well as, identifying options for the disposition of the Winnipeg Arena and minimizing liabilities for residual assets of the Winnipeg Enterprises Corporation.

During numerous meetings with the City, the Winnipeg Football Club requested an assignment of the lease for Canad Inns Stadium. In this context, a non-binding "Letter of Intent" was negotiated between WEC, WFC and the City to facilitate the amendment and assignment of the WEC lease.

On June 8, 2004, WEC, WFC and the City signed a "Letter of Intent" to address the needs of WFC and a transfer of the lease obligations for the Stadium to WFC. (Refer to Schedule "A" attached).

On April 16, 2004, and subsequent to the preparation of the "Letter of Intent", the WFC requested that WEC forgive a 1996 income debenture, with an outstanding balance of $1,194,000.00.

Other WEC Issues:

On July 28, 2004, Standing Policy Committee on Property and Development approved the sale of the Winnipeg Arena site to Ontrea Inc. for $3,600,000.00. It is estimated that costs of demolition will be in the range of $1, 450,000.00.

In 1996, WEC purchased a Series A Income Debenture issued by WFC for $1,200,000.00. The WEC secured a bank loan, which has an outstanding balance (as at December 31, 2004) of $727,000.00, to purchase this debenture.

On April 16, 2004, the WFC requested that WEC forgive the 1996 Series A Income Debenture, with an outstanding balance of $1,194,000.00.

On May 7, 2004, WEC forwarded the above request from WFC to the City of Winnipeg, for consideration.

On June 23, 2004, Council approved a motion that, among other things, the City assume all remaining and prospective debt and liability of WEC upon termination of the arena lease.

DISCUSSION:

Canad Inns Stadium Complex Lease:

As previously noted, WEC, WFC and the City signed a "Letter of Intent" on June 8, 2004, to address the needs of WFC and a transfer of the lease obligations for the Stadium to WFC. (Refer to Schedule "A" attached).

The "Letter of Intent" (LOI) provides the framework for the amended lease agreement. The LOI includes certain terms and conditions that have a financial effect on the City of Winnipeg. The significant terms and conditions of the LOI are discussed below.

- *Entertainment Funding Tax*:

  The WFC will be reimbursed for any entertainment funding tax collected and remitted from playoff games or other stadium events (games or events other than the one pre-season and nine regular season games). This revenue was previously earned by WEC and is dependant on the number of play-off games and events that occur. The City will be able to use the Entertainment Funding Tax relating to one pre-season and nine regular season games to first repay the remaining amount invested by WEC in WFC by way of income debentures totaling $1,194,000.00. Thereafter the Entertainment Funding Tax will reduce debt in WEC associated with WFC totaling approximately $3,265,244.00 at December 31, 2004. Schedule B sets out loan amortization details based on principal of $4,459,244.00 ($1,194,000.00 plus $3,265,244.00) at interest charged using the City's long-term cost of borrowing of 5% and anticipated collections of entertainment tax, approximating $465,000.00 yearly.

  The City recommends that once the outstanding debt of WEC has been paid off in full, that the Entertainment Funding Tax from regular and preseason games at Canad Inns Stadium be transferred to a fund to be administered by the City for the benefit of

the stadium at 1465 Maroons Road subject to the approval of Council at that time.

It is further recommended that the City defer repayment of the debenture principal for 2004 and waive interest thereon. This practice has been in place for several fiscal years and the WFC have incorporated this understanding in the preparation of their 2004 financial statements.

- *Venue User Fee*:

  The current venue user fee of $0.25 per ticket (previously collected by WEC) will now be collected by the WFC. It is estimated that this will generate $70,000.00 in new annual revenue for the WFC, which is to be used as a reserve fund for ongoing maintenance and capital improvement costs of the Canad Inns Stadium.

- *Lease Term*:

  The term of the Canad Inns Stadium Lease will be extended to December 21, 2054.

- *Pad Site Development*:

  The WFC will have the right to develop up to four pad site leases on the property subject to certain conditions setout in the recommendations to this report. The annual lease revenue based on the estimated sales value of these pad sites is in the range of approximately $200,000.00 to $320,000.00.

- *Amateur Sporting Usage Payments:*

  The City paid $75,000.00 annually to WEC in the form of grants with respect to amateur sporting groups accessing the arena and stadium facilities.

  Under an amended stadium lease, WFC will continue to allow amateur sporting groups access to the Canad Inns Stadium, however, contrary to the content of the Letter of Intent, WFC will not be provided with funding of $37,500.00 per year in consideration of such amateur access after 2005.

- *Amateur Sport Access Agreement:*

  The City and WFC shall, not later than six (6) months from the date of the assignment of the stadium lease, negotiate and finalize an amateur access and use agreement which agreement shall include provisions relating to identification of stadium facilities and services required to support amateur athletic events, insurance, cost recovery rates, interpretation of definitions of amateur groups and events, a process for establishing dates and availability for scheduling purposes, terms of cancellation, a dispute resolution mechanism to resolve scheduling disputes, priority use, fees charged and any other dispute arising out of the agreement. Subject to any priorities provided by the agreement, not less than sixty (60) days each season (April 1 to November 1 each year) shall be scheduled for use by amateur sporting groups.

- *Transfer of Stadium Equipment:*

  WFC will receive, at no cost, WEC owned equipment that relates to the operation of the Stadium, including: concession equipment, audio/video equipment, the

jumbotron, the score clock, tents, motor vehicles, radios, plywood, golf carts, tractors, tools, etc. The report recommends that an amendment be made to paragraph 10 of the Letter of Intent to require that transfer of use of equipment and other assets is contingent on continuation of WFC operations at the current location. In the event that WFC move to a new site, all equipment and other assets transferred must remain at the current location.

In addition, it is understood by the WEC and the WFC that WFC will continue to share certain common assets in a reasonable fashion until the close of the arena and the transfer of Assets to the WFC.

- *Naming Rights Revenue:*

  The City and the WFC now each receive $85,000.00 in revenue from the naming rights to the Canad Inns Stadium. The WFC will now receive $170,000.00 in annual revenue, which represents both their share as well as the WEC's present share of naming rights revenue.

Terms and Conditions as to Occupancy:

In order to further protect the interests of the City, the leasing arrangements between the City and WFC as assignee shall provide for the following:

1. The WFC shall use the Canad Inns Stadium property only for a facility for sports, recreational, artistic and cultural purposes, a sports memorabilia store, a restaurant, a sports bar and e
2. In the event that:

   (a) the WFC, operating as the Winnipeg Blue Bombers ceases occupation of the Canad Inns Stadium property for the purpose of playing football within any season as scheduled and set by the Canadian Football League; or

   (b) the WFC is in default of its obligations with respect to amateur access; or

   (c) the WFC or its directors pass a resolution authorizing the dissolution or winding-up of the Corporation; or

   (d) a receiver, trustee or others take action to terminate the corporate existence of the Winnipeg Football Clubs; or

   (e) WFC shall enter into or become a party to any transaction whereby its Canadian Football League franchise would become the property of any other person/firm/entity;

   then the lease and term granted herein, shall, at the option of the City, immediately be terminated.

3. Provided that WFC has completed a feasibility study with respect to the construction of a new stadium and relocation of the WFC operation and provided further that as a result of such feasibility study, WFC has concluded that it will not vacate the stadium premises at 1430 Maroons Road in favour of a new stadium and location, WFC shall be entitled to develop and lease pad sites at the Canad Inns Stadium property subject to the approval and consent in writing from the City's Director of Planning, Property and Development for all proposals, financing and sub-leasing terms and conditions relating thereto, such consent not to be unreasonably withheld.

Upon cancellation, expiry or termination of the Canad Inns Stadium Lease, the leasehold interest of the WFC on any outstanding pad lease shall revert to the City. In addition, the City shall have the ability and right to negotiate an early cancellation or buyout option of the leasehold interest of each pad lease.

Continuation of WEC:

The City is in receipt of an opinion from the solicitor for WEC, that the Members and Directors of WEC may be reduced to one (1) member appointed by the City who would in turn act as the sole director of the corporation. This would be achieved by way of amendment to WEC general by-laws. The City has recommended that WEC continue at the option of the City to facilitate administration of the recommendations in the report and that the Board of Directors of WEC be reduced to one director appointed by the Chief Administrative Officer.

WEC Debenture Forgiveness in Favor of the WFC:

As noted above, WFC through WEC has asked the City to forgive the outstanding investment between the two parties totaling $1,194,000.00 leaving associated debt to be repaid by the City of $727,000.00. The City is recommending that the debenture be forgiven at the same rate as repayment is made in respect of the investment with a view to repaying this amount before settlement of any other debt. In this manner, the debenture will be written off approximately over the next three years in WEC.

Other debt issues:

The City is further recommending that administration arrange any tax-supported funding required to retire all outstanding debt within its term. In addition, as noted above, the City expects to net approximately $2,150,000.00 from the sale of arena land in 2006. It is recommended that the proceeds from the sale be dedicated to repay debt outstanding in WEC so that all debt can be repaid by 2013.

Project Name: **First Year of Program** **2005**

Assignment of Lease for 1465 Maroons Road - Canad Inns Stadium to WFC

	2005	2006	2007	2008	Beyond 2008
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 1,550,167	$ 1,048,708	$ 540,000	$ 540,000	$ 3,240,000
Less: Incremental Revenue/Recovery	583,500	4,165,375	540,000	540,000	3,240,000
Net Cost/(Benefit)	$ 966,667	$ (3,116,667)	$ -	$ -	$ -
Less: Existing Budget Amounts	966,667	(3,116,667)	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

Direct costs in 2005 include 67% of the $1.45 million in demo costs ($966,667), $540,000 in debt servicing costs, and $14,500 in short-term interest charges levied by Corporate Finance. In 2006, direct costs include the remaining 33% of demo costs ($483,000), $540,000 in debt servicing costs, and $10,875 in short-term interest charges. Direct costs totaling $4,320,00 from 2007, 2008, and beyond represent debt servicing costs. Annual revenues/recoveries of $540,000 in entertainment funding taxes & tax-supported funding and $2.15 million in net proceeds from the sale of the Arena in 2006 are assumed to be used to pay down outstanding debt. Treasury will finance the $1.45 million in demo costs on an interim basis, repayment to come from the Arena proceeds. As well Treasury will be required to provide operating line financing peaking at $1.6 million in 2005 and declining thereafter to 2014 when all debt is repaid. Interest will be charged at the City's short-term borrowing rate.

"Original signed by"
Mike Ruta
Corporate Controller

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Property Planning and Development Department

Legal Services

THIS REPORT SUBMITTED BY:

Department: Corporate Finance
Division: Corporate Controllers Division
Prepared by: Mike Ruta
File #: wecrepfeb1005

SCHEDULE A

LETTER OF INTENT respecting usage and control of the Winnipeg Stadium by Winnipeg Football Club
dated the 8 day of June , 2004

BETWEEN:

THE CITY OF WINNIPEG

- and -

WINNIPEG ENTERPRISES CORPORATION

- and -

WINNIPEG FOOTBALL CLUB

LETTER OF INTENT respecting usage and control of the Winnipeg Stadium by Winnipeg Football Club

BETWEEN:

THE CITY OF WINNIPEG,

("City")

- and -

WINNIPEG ENTERPRISES CORPORATION

("WEC"),

- and -

WINNIPEG FOOTBALL CLUB

("WFC")

WHEREAS:

A. The City entered into a Lease dated August 12, 1952 with WEC for the construction and use of the Winnipeg Stadium (the "Stadium Lease");

B. The term of the Stadium Lease was extended to December 21, 2017 by way of amendment dated February 4, 1998;

C. WEC and WFC entered into a sub-lease of the Stadium Lease dated January 1, 2001 for a term of five years, expiring December 31, 2005 (the "WFC Lease");

D. The WFC Lease and the Stadium Lease will be replaced with an amended Stadium Lease between the City and WFC so as to reflect the terms of this Letter of Intent;

E. It is intended that WFC will have the benefit of all revenues generated at the stadium and will be responsible for all costs, including operating and capital;

F. It is intended that a portion of any entertainment funding tax collected from Stadium events shall be applied toward retiring Stadium debt of approximately $4.4 million, an exact amount to be provided upon execution of formal agreement.

THEREFORE WEC, the City and WFC express this common understanding as follows:

1. It is contemplated that official transition between WFC and WEC will transpire June 1, 2004, which coincides with WEC's year-end of May 31, 2004.

2. WFC will continue to collect and remit entertainment funding tax to the City on all pre-season and regular season football games. These funds (totalling approximately $545,000.00 in 2003) shall be used by the City towards retiring current Stadium debt costs (interest and principal).

3. Any entertainment funding tax collected and remitted as a result of a playoff game hosted by the WFC, or other stadium events will be reimbursed to the WFC.

4. The Venue User Fee of $0.25 per admission ticket contemplated by the WFC Lease will flow to a reserve fund administered by the WFC. This reserve fund shall be applied toward ongoing maintenance and capital improvement costs. The WFC shall provide an accounting of this fund annually to the City, for information purposes only.

5. The term of the Stadium Lease shall be extended for a further 37 years, expiring December 21, 2054.

6. At no cost to the City, the WFC shall have the right to develop and lease Pad Sites on the Stadium Property, with any revenues generated therefrom accruing to the WFC.

7. WFC will ensure that the Winnipeg Stadium parking lot is available to the Manitoba Moose on the day of their games at the Winnipeg Arena and available to WEC on other WEC event dates. So long as WEC occupies and utilizes the Winnipeg Arena, snow clearing will be the responsibility of WEC.

8. The WFC will provide the City with reasonable access to the Stadium and Stadium site for certain major events like Pan Am Games, North American Indigenous Games and other events of this nature.

9. WFC will allow amateur sporting groups access to the Stadium on the same terms and conditions that exist already. This will allow the amateur sporting groups to continue to use the Stadium at very reasonable rates. In consideration, WFC will receive payment in the amount of $37,500.00 per year.

10. WEC will transfer, at no cost, to the WFC, all the WEC-owned mobile equipment that is currently being used to operate the facility. (For example, golf carts, tractors, plywood, audio/video equipment, concession equipment, tools, etc.).

11. WFC shall be entitled to all of the revenue from the current naming rights contract with Canad Inns ($170,000.00 annually).

12. WFC will be accountable for the year-end profit or loss on the facility operations. If a loss or profit occurs on the facility operations, it should be carried forward into next year's operation. WFC shall provide an accounting of these operations annually to the City, for information purposes only.

13. The parties agree that this Letter of Intent does not constitute a binding agreement nor impose any legal obligation on any party.

THIS LETTER OF INTENT has been executed by the parties as of the date hereof.

THE CITY OF WINNIPEG

April 21/04

as represented by the Chief Administrative Officer

WINNIPEG ENTERPRISES CORPORATION

Per: _____

Per: _____

WINNIPEG FOOTBALL CLUB

Per: _____

Per: _____

SCHEDULE B

REPAYMENT OF WFC LOANS AND DEBENTURE

ASSUMPTIONS:

- **Interest – 5%**

- **Annual repayments of principal totals $465,000 relating to anticipated entertainment tax collections for pre-season and regular season games.**

WFC Repayment of Debt
January, 2005

	31-Jan-05	28-Feb-05	31-Mar-05	30-Apr-05	31-May-05	30-Jun-05	31-Jul-05	31-Aug-05	30-Sep-05	31-Oct-05	30-Nov-05	31-Dec-05
Beginning balance	$4,459,244.00	$4,478,180.52	$4,497,197.45	$4,516,295.13	$4,535,473.92	$4,554,734.15	$4,574,076.18	$4,243,500.33	$4,236,520.68	$4,234,511.38	$4,232,493.55	$4,200,467.16
Interest for the period	$18,936.52	$19,016.93	$19,097.69	$19,178.79	$19,260.23	$19,342.02	$19,424.16	$18,020.34	$17,990.70	$17,982.17	$17,973.60	$17,837.60
New balance	$4,478,180.52	$4,497,197.45	$4,516,295.13	$4,535,473.92	$4,554,734.15	$4,574,076.18	$4,593,500.33	$4,261,520.68	$4,254,511.38	$4,252,493.55	$4,250,467.16	$4,218,304.76
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$4,478,180.52	$4,497,197.45	$4,516,295.13	$4,535,473.92	$4,554,734.15	$4,574,076.18	$4,243,500.33	$4,236,520.68	$4,234,511.38	$4,232,493.55	$4,200,467.16	$4,218,304.76

	31-Jan-06	28-Feb-06	31-Mar-06	30-Apr-06	31-May-06	30-Jun-06	31-Jul-06	31-Aug-06	30-Sep-06	31-Oct-06	30-Nov-06	31-Dec-06
Beginning balance	$4,218,304.76	$4,236,218.11	$4,254,207.53	$4,272,273.34	$4,290,415.87	$4,308,635.44	$4,326,932.39	$3,995,307.03	$3,987,273.40	$3,984,205.66	$3,981,124.89	$3,948,031.04
Interest for the period	$17,913.35	$17,989.42	$18,065.81	$18,142.53	$18,219.57	$18,296.95	$18,374.64	$16,966.37	$16,932.26	$16,919.23	$16,906.15	$16,765.61
New balance	$4,236,218.11	$4,254,207.53	$4,272,273.34	$4,290,415.87	$4,308,635.44	$4,326,932.39	$4,345,307.03	$4,012,273.40	$4,004,205.66	$4,001,124.89	$3,998,031.04	$3,964,796.65
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$4,236,218.11	$4,254,207.53	$4,272,273.34	$4,290,415.87	$4,308,635.44	$4,326,932.39	$3,995,307.03	$3,987,273.40	$3,984,205.66	$3,981,124.89	$3,948,031.04	$3,964,796.65

	31-Jan-07	28-Feb-07	31-Mar-07	30-Apr-07	31-May-07	30-Jun-07	31-Jul-07	31-Aug-07	30-Sep-07	31-Oct-07	30-Nov-07	31-Dec-07
Beginning balance	$3,964,796.65	$3,981,633.46	$3,998,541.76	$4,015,521.87	$4,032,574.09	$4,049,698.72	$4,066,896.07	$3,734,166.45	$3,725,023.87	$3,720,842.46	$3,716,643.30	$3,682,426.31
Interest for the period	$16,836.81	$16,908.31	$16,980.11	$17,052.22	$17,124.63	$17,197.35	$17,270.38	$15,857.42	$15,818.59	$15,800.84	$15,783.01	$15,637.70
New balance	$3,981,633.46	$3,998,541.76	$4,015,521.87	$4,032,574.09	$4,049,698.72	$4,066,896.07	$4,084,166.45	$3,750,023.87	$3,740,842.46	$3,736,643.30	$3,732,426.31	$3,698,064.01
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$3,981,633.46	$3,998,541.76	$4,015,521.87	$4,032,574.09	$4,049,698.72	$4,066,896.07	$3,734,166.45	$3,725,023.87	$3,720,842.46	$3,716,643.30	$3,682,426.31	$3,698,064.01

	31-Jan-08	28-Feb-08	31-Mar-08	31-Jan-08	28-Feb-08	31-Mar-08	31-Jan-08	28-Feb-08	31-Mar-08	31-Jan-08	28-Feb-08	31-Mar-08
Beginning balance	$3,698,064.01	$3,713,768.12	$3,729,538.91	$3,745,376.68	$3,761,281.70	$3,777,254.27	$3,793,294.66	$3,459,403.18	$3,449,093.79	$3,443,740.63	$3,438,364.73	$3,402,966.01
Interest for the period	$15,704.11	$15,770.80	$15,837.77	$15,905.02	$15,972.57	$16,040.39	$16,108.51	$14,690.62	$14,646.84	$14,624.10	$14,601.27	$14,450.95
New balance	$3,713,768.12	$3,729,538.91	$3,745,376.68	$3,761,281.70	$3,777,254.27	$3,793,294.66	$3,809,403.18	$3,474,093.79	$3,463,740.63	$3,458,364.73	$3,452,966.01	$3,417,416.96
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$3,713,768.12	$3,729,538.91	$3,745,376.68	$3,761,281.70	$3,777,254.27	$3,793,294.66	$3,459,403.18	$3,449,093.79	$3,443,740.63	$3,438,364.73	$3,402,966.01	$3,417,416.96

	31-Jan-09	28-Feb-09	31-Mar-09	30-Apr-09	31-May-09	30-Jun-09	31-Jul-09	31-Aug-09	30-Sep-09	31-Oct-09	30-Nov-09	31-Dec-09
Beginning balance	$3,417,416.96	$3,431,929.28	$3,446,503.22	$3,461,139.06	$3,475,837.05	$3,490,597.45	$3,505,420.54	$3,170,306.57	$3,158,769.51	$3,152,183.47	$3,145,569.45	$3,108,927.35
Interest for the period	$14,512.32	$14,573.95	$14,635.84	$14,697.99	$14,760.40	$14,823.09	$14,886.03	$13,462.95	$13,413.95	$13,385.98	$13,357.90	$13,202.29
New balance	$3,431,929.28	$3,446,503.22	$3,461,139.06	$3,475,837.05	$3,490,597.45	$3,505,420.54	$3,520,306.57	$3,183,769.51	$3,172,183.47	$3,165,569.45	$3,158,927.35	$3,122,129.64
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$3,431,929.28	$3,446,503.22	$3,461,139.06	$3,475,837.05	$3,490,597.45	$3,505,420.54	$3,170,306.57	$3,158,769.51	$3,152,183.47	$3,145,569.45	$3,108,927.35	$3,122,129.64

	31-Jan-10	28-Feb-10	31-Mar-10	30-Apr-10	31-May-10	30-Jun-10	31-Jul-10	31-Aug-10	30-Sep-10	31-Oct-10	30-Nov-10	31-Dec-10
Beginning balance	$3,122,129.64	$3,135,388.00	$3,148,702.66	$3,162,073.87	$3,175,501.85	$3,188,986.86	$3,202,529.13	$2,866,128.91	$2,853,300.15	$2,845,416.90	$2,837,500.18	$2,799,549.84
Interest for the period	$13,258.36	$13,314.66	$13,371.20	$13,427.98	$13,485.01	$13,542.27	$13,599.78	$12,171.23	$12,116.75	$12,083.28	$12,049.66	$11,888.50
New balance	$3,135,388.00	$3,148,702.66	$3,162,073.87	$3,175,501.85	$3,188,986.86	$3,202,529.13	$3,216,128.91	$2,878,300.15	$2,865,416.90	$2,857,500.18	$2,849,549.84	$2,811,438.34
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$3,135,388.00	$3,148,702.66	$3,162,073.87	$3,175,501.85	$3,188,986.86	$3,202,529.13	$2,866,128.91	$2,853,300.15	$2,845,416.90	$2,837,500.18	$2,799,549.84	$2,811,438.34

	31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11
Beginning balance	$2,811,438.34	$2,823,377.32	$2,835,367.00	$2,847,407.60	$2,859,499.34	$2,871,642.41	$2,883,837.06	$2,546,083.49	$2,531,895.63	$2,522,647.51	$2,513,360.13	$2,474,033.30
Interest for the period	$11,938.98	$11,989.68	$12,040.60	$12,091.73	$12,143.08	$12,194.65	$12,246.43	$10,812.14	$10,751.89	$10,712.61	$10,673.17	$10,506.17
New balance	$2,823,377.32	$2,835,367.00	$2,847,407.60	$2,859,499.34	$2,871,642.41	$2,883,837.06	$2,896,083.49	$2,556,895.63	$2,542,647.51	$2,533,360.13	$2,524,033.30	$2,484,539.47
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$2,823,377.32	$2,835,367.00	$2,847,407.60	$2,859,499.34	$2,871,642.41	$2,883,837.06	$2,546,083.49	$2,531,895.63	$2,522,647.51	$2,513,360.13	$2,474,033.30	$2,484,539.47

	31-Jan-12	28-Feb-12	31-Mar-12	31-Jan-12	28-Feb-12	31-Mar-12	31-Jan-12	28-Feb-12	31-Mar-12	31-Jan-12	28-Feb-12	31-Mar-12
Beginning balance	$2,484,539.47	$2,495,090.25	$2,505,685.84	$2,516,326.42	$2,527,012.19	$2,537,743.34	$2,548,520.06	$2,209,342.54	$2,193,724.68	$2,183,040.50	$2,172,310.94	$2,131,535.83
Interest for the period	$10,550.78	$10,595.59	$10,640.58	$10,685.77	$10,731.15	$10,776.72	$10,822.48	$9,382.14	$9,315.82	$9,270.45	$9,224.88	$9,051.73
New balance	$2,495,090.25	$2,505,685.84	$2,516,326.42	$2,527,012.19	$2,537,743.34	$2,548,520.06	$2,559,342.54	$2,218,724.68	$2,203,040.50	$2,192,310.94	$2,181,535.83	$2,140,587.55
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$2,495,090.25	$2,505,685.84	$2,516,326.42	$2,527,012.19	$2,537,743.34	$2,548,520.06	$2,209,342.54	$2,193,724.68	$2,183,040.50	$2,172,310.94	$2,131,535.83	$2,140,587.55

	31-Jan-13	28-Feb-13	31-Mar-13	30-Apr-13	31-May-13	30-Jun-13	31-Jul-13	31-Aug-13	30-Sep-13	31-Oct-13	30-Nov-13	31-Dec-13
Beginning balance	$2,140,587.55	$2,149,677.72	$2,158,806.49	$2,167,974.02	$2,177,180.49	$2,186,426.05	$2,195,710.87	$1,855,035.12	$1,837,912.67	$1,825,717.51	$1,813,470.55	$1,771,171.59
Interest for the period	$9,090.17	$9,128.77	$9,167.53	$9,206.47	$9,245.56	$9,284.82	$9,324.25	$7,877.55	$7,804.83	$7,753.05	$7,701.04	$7,521.41
New balance	$2,149,677.72	$2,158,806.49	$2,167,974.02	$2,177,180.49	$2,186,426.05	$2,195,710.87	$2,205,035.12	$1,862,912.67	$1,845,717.51	$1,833,470.55	$1,821,171.59	$1,778,693.00

Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$2,149,677.72	$2,158,806.49	$2,167,974.02	$2,177,180.49	$2,186,426.05	$2,195,710.87	$1,855,035.12	$1,837,912.67	$1,825,717.51	$1,813,470.55	$1,771,171.59	$1,778,693.00
	31-Jan-14	28-Feb-14	31-Mar-14	30-Apr-14	31-May-14	30-Jun-14	31-Jul-14	31-Aug-14	30-Sep-14	31-Oct-14	30-Nov-14	31-Dec-14
Beginning balance	$1,778,693.00	$1,786,246.36	$1,793,831.79	$1,801,449.43	$1,809,099.42	$1,816,781.90	$1,824,497.00	$1,482,244.86	$1,463,539.33	$1,449,754.36	$1,435,910.85	$1,392,008.55
Interest for the period	$7,553.35	$7,585.43	$7,617.64	$7,649.99	$7,682.48	$7,715.10	$7,747.86	$6,294.46	$6,215.03	$6,156.49	$6,097.70	$5,911.27
New balance	$1,786,246.36	$1,793,831.79	$1,801,449.43	$1,809,099.42	$1,816,781.90	$1,824,497.00	$1,832,244.86	$1,488,539.33	$1,469,754.36	$1,455,910.85	$1,442,008.55	$1,397,919.82
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$1,786,246.36	$1,793,831.79	$1,801,449.43	$1,809,099.42	$1,816,781.90	$1,824,497.00	$1,482,244.86	$1,463,539.33	$1,449,754.36	$1,435,910.85	$1,392,008.55	$1,397,919.82
	31-Jan-15	28-Feb-15	31-Mar-15	30-Apr-15	31-May-15	30-Jun-15	31-Jul-15	31-Aug-15	30-Sep-15	31-Oct-15	30-Nov-15	31-Dec-15
Beginning balance	$1,397,919.82	$1,403,856.19	$1,409,817.77	$1,415,804.67	$1,421,816.99	$1,427,854.85	$1,433,918.34	$1,090,007.58	$1,069,636.38	$1,054,178.67	$1,038,655.32	$993,066.05
Interest for the period	$5,936.37	$5,961.58	$5,986.90	$6,012.32	$6,037.85	$6,063.49	$6,089.24	$4,628.80	$4,542.29	$4,476.65	$4,410.73	$4,217.13
New balance	$1,403,856.19	$1,409,817.77	$1,415,804.67	$1,421,816.99	$1,427,854.85	$1,433,918.34	$1,440,007.58	$1,094,636.38	$1,074,178.67	$1,058,655.32	$1,043,066.05	$997,283.18
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$1,403,856.19	$1,409,817.77	$1,415,804.67	$1,421,816.99	$1,427,854.85	$1,433,918.34	$1,090,007.58	$1,069,636.38	$1,054,178.67	$1,038,655.32	$993,066.05	$997,283.18
	31-Jan-16	28-Feb-16	31-Mar-16	30-Apr-16	31-May-16	30-Jun-16	31-Jul-16	31-Aug-16	30-Sep-16	31-Oct-16	30-Nov-16	31-Dec-16
Beginning balance	$997,283.18	$1,001,518.22	$1,005,771.24	$1,010,042.32	$1,014,331.54	$1,018,638.98	$1,022,964.71	$677,308.80	$655,185.05	$637,967.34	$620,676.52	$573,312.27
Interest for the period	$4,235.04	$4,253.02	$4,271.08	$4,289.22	$4,307.44	$4,325.73	$4,344.10	$2,876.24	$2,782.29	$2,709.18	$2,635.75	$2,434.61
New balance	$1,001,518.22	$1,005,771.24	$1,010,042.32	$1,014,331.54	$1,018,638.98	$1,022,964.71	$1,027,308.80	$680,185.05	$657,967.34	$640,676.52	$623,312.27	$575,746.88
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$1,001,518.22	$1,005,771.24	$1,010,042.32	$1,014,331.54	$1,018,638.98	$1,022,964.71	$677,308.80	$655,185.05	$637,967.34	$620,676.52	$573,312.27	$575,746.88
	31-Jan-17	28-Feb-17	31-Mar-17	30-Apr-17	31-May-17	30-Jun-17	31-Jul-17	31-Aug-17	30-Sep-17	31-Oct-17	30-Nov-17	31-Dec-17
Beginning balance	$575,746.88	$578,191.83	$580,647.17	$583,112.93	$585,589.16	$588,075.91	$590,573.22	$243,081.13	$219,113.39	$200,043.88	$180,893.38	$131,661.55
Interest for the period	$2,444.95	$2,455.34	$2,465.76	$2,476.23	$2,486.75	$2,497.31	$2,507.91	$1,032.26	$930.48	$849.50	$768.18	$559.11
New balance	$578,191.83	$580,647.17	$583,112.93	$585,589.16	$588,075.91	$590,573.22	$593,081.13	$244,113.39	$220,043.88	$200,893.38	$181,661.55	$132,220.67
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$350,000.00	$25,000.00	$20,000.00	$20,000.00	$50,000.00	$0.00
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$578,191.83	$580,647.17	$583,112.93	$585,589.16	$588,075.91	$590,573.22	$243,081.13	$219,113.39	$200,043.88	$180,893.38	$131,661.55	$132,220.67

	31-Jan-18	28-Feb-18	31-Mar-18	30-Apr-18	31-May-18	30-Jun-18	31-Jul-18
Beginning balance	$132,220.67	$132,782.15	$133,346.02	$133,912.28	$134,480.95	$135,052.04	$135,625.54
Interest for the period	$561.49	$563.87	$566.26	$568.67	$571.08	$573.51	$575.94
New balance	$132,782.15	$133,346.02	$133,912.28	$134,480.95	$135,052.04	$135,625.54	$136,201.49
Required payment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$136,201.49
Ending balance	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	$132,782.15	$133,346.02	$133,912.28	$134,480.95	$135,052.04	$135,625.54	$0.00