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NEWS RELEASE

FOR IMMEDIATE RELEASE

HOTEL COMPONENT OF THE NEW NANAIMO CENTRE

NANAIMO – The amended Partnering Agreement between the City of Nanaimo and the Millennium/Suro Joint Venture is based on the general premise that the City of Nanaimo will fund the construction of the Vancouver Island Conference Centre (including the Shaw Auditorium, space for the Nanaimo Museum, parkade and retail space) and the Millennium/Suro Joint Venture will finance and own the hotel and residential development.

As part of the agreement, the Joint Venture was required to provide evidence of private sector financing approval for the hotel/residential component by 2006-JUN-15. At the request of the Joint Venture, an extension of this date to 2007-JAN-15 was subsequently approved by Council. This date has now passed and the Joint Venture has been unable to provide the City of Nanaimo with the required financing assurances. Accordingly, the construction of the hotel and residential tower will be delayed.

The private sector-financed hotel and residential tower has always been an important component of the overall vision for the New Nanaimo Centre. The increase to the number of hotel rooms in the downtown core has been seen by Council as a way to enhance the operation of the Vancouver Island Conference Centre and support its overall economic impact. As well, the residential density that has been included in the tower is seen as an component to the revitalization of downtown Nanaimo.

The Joint Venture has requested that the City grant a further extension to the financing deadline.

The City is considering this request and is currently engaged in discussions with the Joint Venture about the terms of this extension and the changes that are required to the development plan and to the Partnering Agreement.

The Millennium/Suro Joint Venture has advised that it will continue to work on the design in an effort to improve the economics if the agreement is extended. They added that the Joint Venture remains positive about the City of Nanaimo.

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In the meantime, and in accordance with the terms of the Partnering Agreement, neither the land for the proposed hotel/residential tower next to the Vancouver Island Conference Centre on Gordon Street, nor the development parcel at the site of the former foundry and Civic Arena will be transferred to the Joint Venture from the City.

Construction of the Vancouver Island Conference Centre is proceeding quickly with completion expected in the spring of 2008. The Nanaimo Ice Centre is in full operation and much work has been done to ready the former foundry/Civic Arena site for redevelopment and park improvements. While the private component of the New Nanaimo Centre has been delayed, the City believes that it is making very good progress in the implementation of the public components of the New Nanaimo Centre plan.

Council is confident that its continuing investments in the downtown core will provide the necessary incentive to support the desired private sector investments in hotel and residential developments and will lever and support the many other redevelopment initiatives which are completed, planned or underway.

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