

Date: Wednesday 2008-DEC-17
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INFORMATION BULLETIN

FOR IMMEDIATE RELEASE

Millennium Hotel
Vancouver Island Conference Centre

NANAIMO – The City’s amended Partnering Agreement with the Millennium/Suro Joint Venture envisioned the development of a hotel as an integral part of the Port of Nanaimo Centre. This has not occurred and the Joint Venture is now in default under the Agreement. The principals of the Joint Venture have advised Council that in the current economic environment their financing plan for the hotel is no longer viable and have requested an extension to the deadline dates in the Amended Partnering Agreement.

On 2008-DEC-15, Millennium made a written request for a five-month extension with an offer to pay \$50,000. per month during the extension period and to place the hotel land in trust with the City solicitors pending the start of construction. Based on this offer, Council did not give formal 30 day notice of potential termination at its meeting on 2008-DEC-15 and instead deferred consideration of the issue until 2008-DEC-17 pending further information from staff and the City solicitors on the extension request.

Staff have now advised that after discussion with the City solicitors and through them with Millennium that they are unable to recommend that Council approve the extension request because the terms offered by Millennium do not provide adequate compensation and protection to the City taxpayers. For example, staff requested the first payment of \$50,000 be paid immediately and this has not been agreed by Millennium.

One of the central items in the recent civic election was concerns about Millennium/Suro’s ability to meet their contractual obligations and commitments to the people of Nanaimo. The taxpayers of Nanaimo have proceeded with their part of the partnership. Millennium/Suro has not satisfied their side of the agreement and Council is deeply disappointed because a downtown hotel is one of the key cornerstones of Council’s downtown redevelopment vision. I remain committed to the hotel concept and, while Millennium/Suro may represent the best alternative to see a hotel constructed in the short term, they have not yet provided Council with the tools to see that occur. Accordingly, Council has concluded that it has no option but to consider Millennium/Suro in default and to provide the Joint Venture with the formal opportunity to cure that default within 30 days under the terms of the Partnership Agreement.

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It is still my personal hope that the Joint Venture will do so, and that we will see a hotel underway in early 2009, however, if a delay is necessitated by our partner's failure to perform pursuant to its contractual obligations then that is unfortunate but necessary.

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