

NEWS RELEASE

Distributed June 19, 2017

City of Nanaimo To Sell Hotel Site to PEG Development

Summary

At the June 19, 2017 Special In Camera Meeting, Council provided 'Approval in Principle' to sell the City-owned 100 Gordon Street property to PEG Development from Provo, Utah for \$750,000.

The sale is subject to a 120-day due diligence period for PEG to complete their Development Permit and perform other environmental and geotechnical studies on the site.

Strategic Link: The addition of the new hotel in the downtown core will assist with the performance of the Vancouver Island Conference Centre and help expand the City's tourism base.

Key Points

- In December 2016, the City of Nanaimo issued a Request for Offers for the City-owned property at 100 Gordon Street. Six offers were received by the closing date of January 27, 2017.
- Five of the proponents chose to present their projects to Council at a series of Special "In Camera" meetings on April 20, 2017, April 21, 2017 and May 8, 2017.
- The Request for Offers process has shown that there is considerable interest in the property and there are a number of feasible options for the site.
- Council selected PEG as the preferred proponent and directed staff to commence negotiations. Those negotiations are now complete and Council has provided approval in principle to the deal.

Quotes

"The Request for Offers process enabled Council to meet with the various proponents, to learn about the proposed projects and to ask questions. We are excited to be moving forward with PEG Development and their ambitious plans to deliver a 118 Room Hotel by early 2019."

Bill McKay
Mayor
City of Nanaimo

"We're excited for the chance to develop a new hotel in downtown Nanaimo! Our experience working in British Columbia has been excellent and we look forward to partnering with the City to design and build a hotel that will not only look beautiful, but will create new jobs, help the VICC reach its full potential, and contribute to the overall economic growth in the area."

Cameron Gunter
Chief Executive
PEG Development

Quick Facts

- PEG, known as PEG Development or Property Enhancement Group, was founded in 2003 by Cameron Gunter and Richard Ellsworth. Today, PEG is one of the leading commercial real estate development firms in

Utah and has recently begun expansion into Western Canada. PEG are currently completing a 175 room, 6 story, \$35m Courtyard Hotel in Prince George, BC.

- The company is proposing a select-service Courtyard by Marriot hotel. The hotel will be 6 story's high and contain 118 rooms. The proposed project cost is \$23m.
- PEG Development anticipates to complete construction of the hotel by early 2019.

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