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OFFICE OF THE MAYOR
City of Vancouver

January 9, 2009

STATEMENT FROM THE MAYOR

In the last election, I made a commitment to Vancouver taxpayers to make public the previous council's business decisions on the development of the Olympic Village. Today, I am delivering on that commitment.

The Olympic Village is a billion-dollar project, and the City's on the hook for all of it.

To my great frustration, we can't turn back the clock on the actions of the last Mayor and Council. We are financially and legally committed to complete this project.

The 2010 Olympic Winter Games will be held here in Vancouver. We will meet this challenge, and we will excel as proud hosts to the world's greatest athletes.

And we'll be doing it in the most difficult economic environment we've seen in more than a generation. As Mayor, my job is to protect the interests of Vancouver taxpayers. I'm focused on making the best business decisions possible as we move forward, and to do it openly.

We now know why the previous city government didn't want to talk about the deal they'd made. The arrangements were not in the public's interest.

The decisions taken by the previous city government have put the city at enormous financial risk, even as we were told in 2006 by our elected leaders that the Olympic Village would be developed at no risk to the taxpayers.

I campaigned on the promise that I would provide to the public as much information about the Olympic Village finances as possible. Here is what we have learned about how the city got to this point today:

We've learned that in 2007, as part of a complex three-way agreement, the previous council provided not only a financial guarantee for \$190 million between the City, Fortress Investment Group, and Millennium Development, but more significantly, voted to provide a completion guarantee to Fortress Investment Group.

With that action, they effectively made the City of Vancouver the project developer from that point forward. This decision was only disclosed in the city's 2007 financial statement, released in April 2008.

Fortress, acting within their rights under that deal, stopped advancing funds to the developer for Olympic Village construction in September 2008. As you know from media reports, city council decided in camera on October 14th to approve payments to the contractors to allow

construction to continue.

Upon taking office, it became clear that immediate action had to be taken. The current arrangement was not sustainable.

Confronted with the difficult situation, council has directed city staff to negotiate a financial arrangement that will best protect the taxpayers of Vancouver.

These negotiations are ongoing.

We know we've been dealt a very tough hand, but I believe we can meet our obligations. We're working very closely with our partners - VANOC, the province and the federal government - to maintain the financing for the Olympic Village project and deliver it in time for the Games. The work we are doing with our partners will get us there. And I commit today to Vancouver taxpayers that they will be informed of the decisions that we have to take in the weeks and months ahead.

Right now, we're in the middle of urgent and delicate negotiations. The information we are sharing today does not compromise those negotiations, and is important for clarifying the status of the project and dispelling ongoing rumours and speculation.

I will also be following through on one of my other key campaign promises, by holding a special meeting of council on Monday to share what we've learned with the people of Vancouver.

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