Olympic Village Financial Arrangements

Penny Ballem
City Manager

January 9, 2009
Southeast False Creek & the Olympic Village*

- SEFC: 80 acres of undeveloped waterfront land near downtown Vancouver
  - 50 acres owned by the City
  - 30 acres owned privately

- Nov. 2009 –“Olympic Ready” Commitment: deliver a 17-acre village to house up to 2,800 athletes and officials; 1,100 units (250 social housing, 730 market sales, 120 rental)

- Sept. 2010 –“Market Ready” Commitment: deliver 850 units and 69,000 sq ft of commercial space units to original specifications (730 market sales, 120 rental)

*all numbers are rounded for presentation purposes
Olympic Village Requirements

1,100 total units

- 250 social housing units
- 850 market units
  - 120 rental units
  - 730 market sales units

Plus:
- community centre
- Salt building*
- childcare facility

Development funded by City
Developer: Millennium
*other developer

Development funded by external lender
Developer: Millennium

City of Vancouver
# Key Milestones to Date: Planned

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<tr>
<td>Bid Book</td>
<td>City adopts Official Development Plan for 80 acres on SEFC (50 acres City owned)</td>
<td>Request for proposals: Millennium selected as developer of Olympic Village on 17 acres of City-owned land</td>
<td>Construction underway to complete development to “Olympic ready” status</td>
<td>Deliver “Olympic Ready” Village to VANOC for about 5 months exclusive use</td>
<td>Olympic Village retrofitted to be “Market Ready” and units sold</td>
<td>Rest of SEFC developed 5,000 units, housing up to 16,000 residents</td>
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<td>City commits to delivery of Olympic Athletes’ Village at Southeast False Creek</td>
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<td>At least 30% of market sales units to be sold</td>
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<td>Ambitious sustainability standards</td>
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# Key Milestones to Jan 9/09: Actual

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<td><strong>Multi-party agreement signed</strong></td>
<td><strong>Developer agrees to purchase &amp; develop land for $200M</strong></td>
<td><strong>Developer arranges financing for $750M to construct buildings</strong></td>
<td><strong>• Developer’s loan out of balance</strong></td>
<td><strong>Lender pays Sept 15 construction draw</strong></td>
<td><strong>City Council authorizes up to $100M to pay up to three construction draws:</strong></td>
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<td>City commits to build Athletes’ Village, subject to $30M contribution from VANOC</td>
<td>Makes $29M non-refundable deposit toward land purchase &amp; as security</td>
<td>City Council approves:</td>
<td><strong>• Cost overruns</strong></td>
<td>Loan out of balance</td>
<td>- Oct. 15</td>
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<td>City retains title to land until financial commitments cleared by developer</td>
<td><strong>• $190M financial guarantee</strong></td>
<td><strong>• Developer takes step to maintain loan in balance</strong></td>
<td>Lender advises no further funding under current arrangement</td>
<td>- Nov. 15</td>
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<td><strong>• completion guarantee</strong></td>
<td><strong>• Pre-sales on target</strong></td>
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<td>- Dec. 15</td>
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*Definition of “completion guarantee”: City is responsible to the “Lender” to complete the whole project to the original designs and specifications*
City of Vancouver Commitments – Key Dates

• November 2002 Multi-party agreement
  – City commits to build Olympic Athletes’ Village (with $30M contribution from VANOC) by November 1, 2009

2007

  – Council approves:
    • Completion guarantee
    • $190M financial guarantee

  – September: final loan documents signed
New Council Actions to date

• December 8-12/08
  – KPMG hired to review of City obligations and commitments; Staff instructed to report back on completion & financing options

• December 16/08:
  – Approval to fund 4th construction draw (due Jan 15/09; $21M remaining in $100M allocation)

• Ongoing: City Manager review including:
  – Independent legal and financial advice
  – Intensive partner (VANOC, Province) discussions
  – Continued negotiations with lender
  – Review of project status
Agreement approved by City Council - 2007

LENDER
$750M

GUARANTOR
(City of Vancouver)
• $190M financial guarantee
• Completion guarantee*

BORROWER
(Millennium)
$750M

* To original designs and specifications
Projected Costs to “Market Ready” Portion of Olympic Village

TOTAL: $1,075M

- $125M
  Cost escalation/Timeframe contingencies
- $750M
  Initial budget/Loan amount
- $200m
  Cost of land
- $875M
  850 housing units plus commercial space
Current City Obligations & Advances

City’s Current Commitments

- COMPLETION GUARANTEE provided to Lender
  - $190M Financial Guarantee provided to Lender
  - Protective Advances for Construction Oct/Nov/Dec 2008 (Paid); Jan 09 (Pending)

Projected Cost to Market Ready

- $125M Cost escalation/Timeframe contingencies
- $750M Initial budget/Loan amount
- $200M Cost of land

Total: $1,075M
Funding Source of Estimated Costs to Market Completion (as of Jan. 9, 2009)

Toward "Market Ready" Estimate of $1,075m

- Lender: $317m
- Completion budget: $458m
- City Protective Advances: $29m
- Developer deposit & land purchase balance: $100m
- Completion budget: $458m

Total: $1,075m