

PRESS RELEASE

December 11, 2009

Mayerthorpe Exhibition Centre Insurance Claim

The Town's insurance portfolio is through Alberta Urban Municipalities Association/Alberta Municipal Services Corporation. The Mayerthorpe Exhibition Centre was insured for Replacement Cost and the new facility is to be designed to the current Building Standard Code. The Town's primary insurer paid out \$1,000,000 very soon after the loss of the former Mayerthorpe Exhibition Centre. The excess insurer, American Insurance Group (AIG), which is different from the primary insurer, presented an offer for payout of the remaining insurance. An independent cost analysis resulted in approximately a \$3,000,000 variance. The Town, Tech-Cost Consultants Ltd. (Appraiser/Project Manager), and Lloyd Sadd Insurance Brokers (Insurance Advocate) have been negotiating a final payout of insurance proceeds, this process has resulted in the inability to come to agreement on final settlement.

What's next? Arbitration - Non-binding. The Town's appraiser and AIG's appraiser need to appoint an Umpire by December 21, 2009. The Umpire will review the cost analysis, review supporting evidence, and seek input from the appraisers. The Umpire will then provide a recommendation for final payout of insurance proceeds. If both parties agree, the matter will be settled. If both parties cannot agree after arbitration, the matter is put forth before a Judge of Court of Queens Bench to make a final and binding decision.

Council cannot proceed with the final design until the insurance matter is settled. The cost analysis for the first design presented to the public August 18, 2009 came in substantially over budget. As a result, the design has been changed to reflect a stand alone arena and pool, rather than being connected to the Diamond Centre. Once insurance has been settled, Council will be in a better position to bring forward the new design to user groups of the facilities.

It is anticipated that the insurance dispute can be settled in the next six – eight weeks, which will allow the project to proceed as scheduled. If a settlement cannot be achieved through arbitration, there will be an anticipated delay in construction, to allow time for the matter to be set before the Court of Queens Bench.

It is essential that fundraising continue, corporate pledges are being received, watch local papers for upcoming cheque presentations.

Council wishes to thank the community for your ongoing patience.

If you have any questions, please feel free to contact Karen St. Martin, Chief Administrative Officer. I am currently in Brisbane, Australia, if you wish to contact me you may call 011 617 33254439, after 4:00 p.m. Alberta time as this is 9:00 a.m. in Brisbane.

Doug McDermid
Mayor

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