

Statement from Wayne Morsky: former chair of the board of directors of Regina Exhibitions Association Limited (REAL)

I am sending this note as the former Chair of the Board of Directors at REAL and I offer these comments from my personal perspective only and I wish to confirm that I do not speak on behalf of the former Board of Directors. I do feel there are important facts that need to be shared and truth that needs to be told. It is for this reason that I am offering my personal comments in this release.

First and foremost, I would like to thank all the employees of REAL, who day in and day out, work to deliver experiences, memories and opportunities to the citizens of Regina and the District customers and guests. They have demonstrated unwavering loyalty and dedication over the last number of years and more specifically the past several weeks and months. For that, their actions should be applauded. On behalf of the former board of directors, thank you.

As the former governance body, our responsibilities were executed with the best interest of the organization, and the owner, the City of Regina, always. Through continued active dialogue, we were advancing with the understanding that we would have the opportunity to work collaboratively with Council and City Administration to move forward constructively, particularly considering the independent consultant review on the organization's long-term sustainability. We are extremely disappointed that we were not afforded that opportunity and that we were left with no option but for the voting board members to unanimously resign.

In response to claims of lack of transparency and management, I offer the following:

- **Experience Regina**

From the beginning we have accepted full responsibility for the Experience Regina incident – both publicly and to Council. We recognize that it was a mistake and not aligned with the expectations of the public or our owner. It should be noted that the former REAL board and management, presented to Council five times following the incident. It was members of City Council who requested that Mr. Cuff complete the review, and Council was also provided the opportunity to review the terms of reference and scope of the report.

- **The Financial Situation of REAL**

REAL is unique in that we have historically relied on major events and concerts to offset the costs associated with operating city facilities. Whereas similar facilities in other jurisdictions are fully funded by their respective municipalities. As a board of directors, we have long been informing Council of the challenges facing REAL's operating situation. The financial success of REAL is directly linked to major events and concerts. As a board, this was one of the largest risks we dealt with. It was also the primary reason we, as a board, supported commercial development on the property as a path to diversify, offset risk and increase revenue stream. Since COVID, it has been difficult to attract major events to Regina. This has compounded REAL's recovery challenges and ability to return to a profitable situation. However, this should not be a surprise to Council, as noted by Councillor Mancinelli. Since 2018, REAL has shared (either through formal attendance or communication) our financial situation and concerns with council more than 40 times, with the first formal letter signalling potential operating risk being submitted in March 2020, and a request to change debt limits following shortly after in April

2020. All requests and decisions to take on debt or change debt limits were approved by Council.

- **Deferred Maintenance**

In October 2019, REAL first presented to Council a deferred maintenance report prepared by Stantec. The report identified an expected \$44.5 million required investment into maintenance in the next 20 years, with the Brandt Centre requiring \$3.3 million in the next five years. This report spurred the work done around the future of the arena and options around fixing and/or replacing the Brandt Centre – which was presented to and accepted by Council. Furthermore, annual budget presentations highlighted REAL’s lack of ability to re-invest into the property or to allocate a proper capital budget. REAL has historically received a \$400,000 operating grant a year from the City of Regina, but no funding into capital upgrades or investment into the municipal facilities (the City of Regina owns the buildings). In comparison, the Conexus Arts Centre receives upwards of \$1 million a year in public funding, while Moose Jaw’s Event Centre (formerly Mosaic Place) received a seven per cent increase to their subsidy in 2023 for a total of \$985,000.

- **Debt**

2018 marked a significant year for REAL, with the opening of Mosaic Stadium and the International Trade Centre. These properties marked a substantial addition to the footprint of the REAL property and programming. These facilities allowed REAL to offer new and expanded experiences to our guests, however, with significant new square footage comes a need for increased operational investment (i.e., staffing and utilities). It is also without question that the financial model for the stadium when proposed was aggressive and overly positive. The stadium has never operated to the level originally set out by then City Council and administration, meaning it has never generated the anticipated revenue necessary to operate it in a sustainable way. It was also during the final construction of Mosaic Stadium that City Administration requested REAL take on debt associated with the kitchen equipment for the stadium. Since 2017, REAL has taken on significant debt to service the capital needs of city-owned facilities, and to later operate. Since the onset of the pandemic, REAL has struggled to pay the debt associated with facilities and was forced to begin servicing debt with debt. City Council was fully aware (if not understanding) of this circumstance, as they approved the debt restructuring and increases to debt limits.

- **Communication with City Council and Administration**

As a board of directors, we took our relationship with our owner, The City of Regina, seriously and were deliberate in our communication with them – whether that be through inviting them to events, hosting meetings or through formal communication and presentations. Attendance and engagement by Councillors varied, but the invites were always extended. The City Manager and one councillor also held ex-officio positions to our board of directors. This was to ensure the City had a direct line of sight into the operations of the organization, and availability to all

information – including monthly financial statements. It is worth noting that during her time as an ex-officio member of the board, the City Manager attended one (1) meeting since joining the board in December of 2022. If her workload did not permit her to attend board meetings where financial challenges were discussed in great amount of detail, we are concerned about her ability to take overall responsibility for the organization.

As a board of directors, we are a collection of citizens, who have volunteered hundreds of hours to the betterment of our city. We have acted with complete integrity and transparency, and with the best interest of the property and city at heart. We have taken responsibility for our mistakes and shortcomings. Over the past several years, REAL has been requested repeatedly to take on additional debt and responsibilities for the sake of the city. Each request has required a decision point and judgement by the board of directors, which often influenced the next decision point and judgment. In hindsight, we should have said no to several of the requests, but all were made with the belief that we were acting at the request of the City, to the benefit of the City. As an example, REAL was asked to take on the Catalyst report because the capacity and capability did not exist within City Administration, and there was no appetite to hire a consultant.

We have appeared before council every time requested, allowing ourselves at times to be berated and treated in what can only be described as disrespectfully at the hands of certain councillors. All throughout, we maintained professionalism and a commitment to do better, even with council members interfering in lease negotiations with tenants and a continual ask for free tickets to events for themselves, friends, and family, and in one case a request for employment.