

City goes after assets of Games developer

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Vancouver is taking aggressive action to secure the corporate and personal assets worldwide of the Olympic village's private developer after acknowledging that the developer did not pay the full amount of its first \$200-million loan payment to the city.

Although he scrupulously avoided the word "default," Mayor Gregor Robertson said on Thursday that Millennium Development Corp. paid only \$192-million of the first payment due on Aug. 31 and that its failure to come up with the other \$8-million through some means other than village condo sales – admittedly sluggish for many reasons – is a serious concern.

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"We want to make sure we're covered on the security side," Mr. Robertson said, while continuing to insist that "we want to give [Millennium] every chance. They have made it this far under challenging circumstances."

As well, the city, which took over financing the village construction in February of 2009 after Millennium's original lender refused to continue making payments because of cost overruns, has told Millennium that it either has to pay out the \$561-million it owes the city or prove that it has a solid plan for making the loan payments that were originally scheduled.

Councillor Geoff Meggs called the inability of developers Peter and Shahram Malek to use other assets they own to meet their loan payment was a “red flag” for the city.

Millennium is currently marketing a tower project in the West End and filed notice with the Superintendent of [Real Estate](#) on Tuesday that it had refinanced its ambitious Evelyn Drive project in West Van.

After a hard-hitting news conference at city hall on Thursday, city officials made it clear that not only did Millennium not make its loan payment, but that the municipal government has put its legal team to work to register charges against all Millennium properties pledged and to find any additional assets that might be secured.

Sources say it's not clear the exact value is of Millennium's holdings or of the Maleks personally. That means no one knows at this point whether there is enough security to cover any shortfalls at the village if sales of the residential units never generate enough money to cover the construction loan and the price of the city's land.

In e-mail exchanges earlier this week, Shahram Malek reiterated that he and his brother are “committed to get through” the project and will do whatever it takes to protect the asset.

Land records show that the company owns almost 200 pieces of real estate, while Shahram Malek has 15 different properties listed under his name. The Malek family, which ran a construction business in Iran before coming to Canada in the 1980s, also has holdings in Europe and the Middle East.

However, many of its B.C. holdings are encumbered by large mortgages and, in some cases, more than one lender is involved.

The city held a “floating debenture” over many of the company's assets, but that level of legal agreement relies partly on the honour system to ensure that a borrower doesn't refinance or add a lender to existing assets.

Lands records show the city moved on Sept. 22 to start registering charges against at least two other Millennium properties downtown, the Alexandra on Bidwell, where a proposed tower has been generating backlash from West End residents, and L'Hermitage at Robson and Richards, where Millennium still owns several condos and some retail space. The city did not appear to have registered a charge against the Evelyn Drive properties as of Wednesday or against Shahram Malek's property.

Besides giving Millennium a deadline to produce a new marketing plan and details on its collateral, city officials said they have been having serious discussion with the Maleks about retaining the value of the asset and, especially, dealing with deficiencies so that prospective buyers aren't put off by complaints from existing residents about problems.

As well as giving the update on financial state of the market condos and loan at the village, the mayor also reiterated that the city is preparing to find operators for the rental buildings it owns in

the village. He pointed out that the city already operates more than 800 units of social housing in the city and has done so successfully for 30 years.

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