CITY OF STEINBACH

Tuesday January 6, 2026

Additional Item: Proposed Operating Agreement between Steinbach Source for Sports and the Southeast Events Group Inc.

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MISSION STATEMENT

"Steinbach is a clean, safe and vibrant community that values tradition and prosperity. Our mission is to continue to preserve the quality of life Steinbach is known for while effectively managing its growth and resources."

MEMO

January 6, 2026

To: Steinbach City Council

From: Troy Warkentin, City Manager

Re: Proposed Operating Agreement between Steinbach Source for Sports and the Southeast Events Group Inc.

Under the terms of the operating agreement in place between the City of Steinbach and the Southeast Events Group Inc. (SEG), Article 11 identifies the requirement of the City to approve of and to be signatory to any proposed user agreement where the user will be provided with exclusive occupancy of any portion of the event centre for periods exceeding 14 days duration.

SEG has proposed to enter into such an agreement with Steinbach Source for Sports, a copy of which is attached to this report for Council's consideration.

City administration has reviewed the proposed agreement. An important item not included in the proposed agreement is a sketch identifying the area(s) to be leased. Administration recommends that a sketch should be added as a schedule to clarify what areas fall under the lease.

The proposed agreement signatures are dated December 15, 2025 with the current document prepared and executed between the Steinbach Source for Sports and the SEG. This document includes the City of Steinbach as a signatory however, an additional document is also presented for Council's consideration for approval, being a Memorandum of Understanding, which would ensure that the proposed lease would meet the requirements/provisions the Operating Agreement between the City and SEG.

The recommendation from administration is that City Council ratify the proposed operating agreement between Steinbach Source for Sports and the SEG and the City of Steinbach as proposed, subject to the execution of the attached Memorandum of Understanding between all parties.

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Operating Agreement Between Southeast Events Group Inc. & Source for Sports Steinbach

October 2025

1. Purpose

This agreement outlines the terms under which Source for Sports Steinbach will operate as a permanent tenant within the Southeast Event Centre, providing skate sharpening services, selling apparel, and other related retail offerings.

2. Term

The initial term of this agreement shall be five (5) years, commencing September 2025.

3. Renewal Terms

Upon expiration of the initial term, the agreement may be renewed for a successive five (5) year term. Renewal shall be subject to mutual written agreement by both parties no later than 60 days prior to the expiration of the current term. SEG reserves the right to review the terms upon renewal, with notice provided to the Tenant at least 90 days prior to renewal discussions.

4. Premises

SEG grants the Tenant the right to occupy and operate within the designated location inside the Southeast Event Centre, including the placement and installation of one vending machine in a mutually agreed-upon area.

5. Tenant Responsibilities

- Provide skate sharpening services during agreed upon operating hours.
- Sell apparel and other approved merchandise.
- For all fit-up costs incurred within the skate shop. All fit-up plans must be approved by SEG prior to installation, including signage.
- Maintain cleanliness and professional presentation of the space.
- Staff the shop with qualified personnel.
- Comply with all applicable laws and regulations.

6. SEG Responsibilities

- Provide access to the premises during operating hours.
- Maintain utilities and general infrastructure.
- Promote the skate shop as part of the Southeast Event Centre offerings.

7. Financial Terms

- Year 1, 2025 – Tenant is responsible for all signage costs, skate sharpener, fit up costs, etc.
- Year 2-5, 2026-2030 - $12,500 annual sponsorship. The Tenant agrees to remit an annual payment of $6,250 for sponsorship, plus an additional $6,250 annually allocated for trade purposes, which may include, but is not limited to, apparel, SEG-branded merchandise, and similar items.

8. Branding and Marketing

- Tenant may use its own branding within the shop space upon approval by SEG.
- Joint marketing efforts may be coordinated for events and promotions.

9. Insurance and Liability

• Tenant shall maintain liability insurance during the terms of the agreement at its sole cost and expense, including fire insurance covering all leasehold improvements installed by the Tenant as well as the Tenant's own personal property equal to full replacement value. All policies of insurance obtained by the Tenant shall be on terms with insurers that are satisfactory to SEG.
• SEG shall not be liable for loss or damage to Tenant's inventory or equipment.
• Tenant will provide proof of insurance to SEG.

10. Termination

• Either party may terminate this agreement prior to the end of the current term by providing 90 days written notice, along with a written explanation of the reason for termination.
• In the event of early termination initiated by SEG without cause, SEG agrees to waive the final one month's rent as compensation.
• In the event of early termination initiated by the Tenant without cause, the Tenant agrees to pay a termination fee equivalent to one month's rent, unless otherwise waived by SEG.
• Any outstanding financial obligations must be settled prior to the termination date.
• Immediate termination may occur in case of breach of contract or illegal activity.

11. Exclusivity

• SEG agrees that Source for Sports Steinbach shall be the exclusive provider of skate sharpening services.
• SEG shall not permit any other tenant, vendor, or third party to offer similar services or merchandise within the Southeast Event Centre without prior written consent from the Tenant.
• This exclusivity applies only to the services and product categories currently offered by the Tenant and does not restrict SEG from hosting temporary vendors for special events.

12. Signage Rights

• The Tenant shall have the right to install and display signage within and immediately outside the designated skate shop space, subject to SEG's approval of design, placement, and materials to ensure consistency with the Southeast Event Centre's branding and facility standards.
• Approved signage may include:

- Exterior Signage: Display signage on the exterior of the approved location identifying it as operated by Source for Sports Steinbach.
- Interior Branding: Incorporate branding elements, promotional displays, and point-of-sale signage within the interior of the skate shop.

• All signage must comply with local bylaws and facility regulations. SEG reserves the right to request removal or modification of signage that is deemed inappropriate, non-compliant, or disruptive.

13. Inventory Ownership

• All merchandise, equipment, and supplies stocked and sold by the Tenant within the Southeast Event Centre Skate Shop shall remain the sole property of Source for Sports Steinbach.
• SEG shall have no claim, lien, or interest in the Tenant's inventory, including apparel, accessories, skate sharpening tools, or point-of-sale equipment.
• The Tenant shall be responsible for:

- Managing inventory levels and replenishment.
- Ensuring proper storage and security of all merchandise.
- Handling all financial transactions related to inventory sales.

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• In the event of termination or expiration of this agreement, the Tenant shall remove all inventory and equipment within 10 business days, unless otherwise agreed in writing.
• SEG shall not be liable for any loss, theft, or damage to inventory unless caused by gross negligence or willful misconduct on the part of SEG or its representatives.

14. Maintenance Responsibilities

SEG Responsibilities

• SEG shall be responsible for the general maintenance and upkeep of the Southeast Event Centre. SEG shall ensure the premises are safe, clean, and operational for both tenants and visitors.
• SEG shall coordinate and cover costs for repairs due to facility-related issues not caused by the Tenant.

Tenant Responsibilities

The Tenant shall be responsible for the maintenance and cleanliness of the interior of the skate shop space, including:
• Daily cleaning and tidying of the retail and service areas
• Maintenance of Tenant-owned equipment (e.g., skate sharpening machines, POS systems)
• Prompt reporting of any facility-related issues to SEG
• Ensuring the space remains in good condition and free from damage beyond normal wear and tear
• Repairs and Damage: Any damage caused by the Tenant, its staff, or customers beyond normal wear and tear shall be repaired at the Tenant's expense.

15. Miscellaneous

• Any modifications to this agreement must be in writing and signed by both parties.
• This agreement shall be governed by the laws of Manitoba.

Signatures

1. Signature: _____
I have authority to bind Southeast Events Group Inc.

Printed Name: Melanie Hibert Title: General Manager Date: Dec 15, 2025

2. Signature: _____
I have authority to bind Southeast Events Group Inc.

Printed Name: JARRETT BISHOP Title: Treasurer Date: Dec 15/2025

3. Signature: _____
I have authority to bind Source for Sports Steinbach

Printed Name: _____ Title: _____ Date: _____

4. Signature: _____
City of Steinbach Authority

Printed Name: _____ Title: _____ Date: _____

THIS MEMORANDUM OF UNDERSTANDING made as of the _____ of _____, 2026.

BETWEEN:

STEINBACH SOURCE FOR SPORTS
a corporation existing under the laws
of the Province of Manitoba
(the "**Tenant**")

- and -

THE CITY OF STEINBACH
a corporation existing under the laws
of the Province of Manitoba
(the "**City**")

- and -

SOUTHEAST EVENTS GROUP INC.
a corporation existing under the laws
of the Province of Manitoba
("**SEG**")

WHEREAS the City is the owner of the Southeast Event Centre, in the City of Steinbach, in the Province of Manitoba (the "**Centre**");

AND WHEREAS by way of an operating agreement between the City and SEG dated January 9, 2025 (the "**Operating Agreement**"), the City vested SEG with primary responsibility for the day to day operation of the Centre;

AND WHEREAS it is a condition of the Operating Agreement that for any lease of space within the Centre, the City shall be the landlord in the lease agreement, and the City shall consent to the terms and conditions of any proposed lease agreement before the document is finalized;

AND WHEREAS by way of an operating agreement between SEG and the Tenant dated the ___ day of _____, 2026 (the "**Lease**"), SEG agreed to lease space within the Centre to the Tenant;

AND WHEREAS the parties hereto enter into this binding Memorandum of Understanding (the "**MOU**") to establish further terms for the Tenant's lease of space within the Centre and to expand upon the terms contained in the Lease;

NOW THEREFORE the parties agree as follows:

1. The preamble above shall form an integral part of this MOU.

2. This MOU shall be a binding legal document, which is binding upon the parties hereto along with their successors and permitted assigns. The Tenant further agrees that it is subject to all of the terms and conditions of the Operating Agreement, to the extent they apply to a Tenant in the Centre.

3. The Tenant agrees at all times that its lease of space within the Centre, its operations within the Centre, and the Lease as a whole shall all be subject to the terms of this MOU and the Operating Agreement. To the extent there is an inconsistency between the Lease and either the Operating Agreement or this MOU, the Operating Agreement or the MOU (as the case may be) shall be paramount over the Lease.

4. It shall be a condition of the City's approval of the Lease, that paragraph 4 of the Lease be expanded to identify the precise location of the Tenant's building and vending machine within the Centre. This condition may be satisfied by attaching a schedule to the Lease establishing the locations.

5. Subject to the further terms contained within this MOU, the City hereby ratifies the Lease and consents to the terms thereof. The Tenant and SEG agree that any future amendment or renewal of the Lease shall require the prior written consent of the City, which is not to be unreasonably withheld.

6. The Tenant shall, during the term of its lease of space in the Centre, and during any renewal or extension thereof, at its sole cost and expense, take out and keep in full force and effect the following insurance:

   (i) fire insurance with extended coverage endorsement including sprinkler leakage (where applicable), covering all leasehold improvements made or installed by or on behalf of the Tenant, as well as the Tenant's own personal property, all in an amount equal to the full replacement value thereof;

   (ii) commercial general liability insurance with a limit of not less than $5,000,000.00 per occurrence.

7. All policies of insurance obtained by the Tenant shall be upon terms and with insurers that are satisfactory to the City. The Tenant will furnish to the City copies of all policies, or insurance certificates in lieu thereof, and will provide written notice of the continuation of such policies not less than ten (10) days prior to their respective expiry dates. The Tenant will pay the premium for each policy. If the Tenant fails to purchase or keep in force such insurance the City may but shall not be obligated to affect such insurance, the cost thereof being recoverable from the Tenant forthwith on demand as additional rent.

8. The Tenant shall cause each of its insurance policies to contain an undertaking by the insurer(s) to notify the City at least thirty (30) days prior to cancellation or any other change material to the City's interests. The liability policy listed in paragraph 5(ii) above shall include cross liability and severability of interest clauses. The policies listed in paragraph 5 above shall include the City as an additional named insured. The Tenant shall obtain a waiver of subrogation clause with respect to the City from its insurer(s).

9. The City shall not be liable or responsible in any way for:

   (i) any personal or consequential injury of any nature whatsoever, that may be suffered or sustained by the Tenant or any employee, agent, invitee, licensee or customer of the Tenant or any other person who may be in or upon the Centre property; or

(ii) any loss or damage whatsoever, of or to any property belonging to the Tenant or to its employees or to any other person while such property is in or on the Centre property; or

(iii) any loss, damage or injury, whether direct or indirect, to persons or property or loss of income or revenue resulting from any failure, howsoever caused, in the supply of the utilities, services or facilities provided or to be provided or repairs made to or to be made to the Centre under any of the provisions of the Operating Agreement, the Lease, this MOU, or otherwise.

10. The Tenant agrees and hereby covenants to indemnify the City and save it harmless from and against any and all loss, including loss of rent payable by the Tenant pursuant to the Lease, claims, actions, damages, liability and expense in connection with any matters related to its use of the Centre, including without limiting the generality of the foregoing, loss of life, personal injury and or damage to property, arising from or out of any occurrence in, upon or at the Centre or the occupancy or use by the Tenant of the Centre, arising from any breach, violation, or non-performance by the Tenant of any covenant, condition or agreement set forth in this MOU or the Lease, or occasioned wholly or in part by any act or omission of the Tenant, its agents, contractors, employees, servants, licensees or concessionaires or invitees or by anyone permitted to be on the Centre by the Tenant or by other persons for whom it may be responsible. In case the City shall be made a party to any litigation commenced by or against the Tenant with regard to the foregoing, then the Tenant shall protect and hold the City harmless and shall pay all costs, expenses and reasonable legal fees incurred or paid by the City in connection with such litigation. The Tenant shall also pay all costs, expenses and reasonable legal fees that may be incurred or paid by the City in enforcing the covenants and agreements in this MOU, unless a court shall otherwise award. Such indemnification shall survive any termination of this MOU or the Lease, anything in this MOU to the contrary notwithstanding.

11. The Lease is constructed and governed by the laws of the Province of Manitoba.

12. Time is of the essence of this Lease and of every part thereof.

13. This MOU may be executed in counterparts, either originally or by way of electronic or facsimile transmission (each of which will be deemed to be an original) with the same effect as if all parties to this Agreement had signed the same document, and all counterparts will be construed together and constitute one and the same.

[Signature Page to Follow]

IN WITNESS WHEREOF the City has executed this MOU the _____ day of _____, 2026.

THE CITY OF STEINBACH

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

We have been authorized to bind the Corporation.

IN WITNESS WHEREOF SEG has executed this MOU the _____ day of _____, 2026.

SOUTHEAST EVENTS GROUP INC.

Per: _____
Authorized Signatory

I have been authorized to bind the Corporation.

IN WITNESS WHEREOF the Tenant has executed this MOU the _____ day of _____, 2026.

STEINBACH SOURCE FOR SPORTS

Per: _____
Authorized Signatory

I have been authorized to bind the Corporation.