



Land of 100,000 Potholes?

Courtesy of The Winnipeg Free Press

Mayor Sam Katz was being a little mischievous when he said he hoped the NDP's big win in Winnipeg would translate into more government support for the city's crumbling infrastructure. Winnipeg has had a majority of NDP MLAs since 1999, yet it hasn't made the slightest difference in the city's efforts to get a new deal from Broadway.

The provincial government, as well as the Tories, for that matter, have regularly rejected the city's pleading for substantially more cash. Premier Greg Selinger has also soundly rejected the idea of raising the PST by one point if the people approve it in a referendum. Mr. Selinger won't support any kind of tax increase, whether the people want it or not.

He has not, however, been opposed to increases in various user fees, so maybe that's the place where a new conversation can begin.

Many American and European cities have found ways to pay for infrastructure without relying exclusively on debt or property and income taxes. Special tolls to pay for bridges, tunnels and freeways have been used for decades to build and repair major transportation networks. A variety of payment methods, including the use of transponder codes

on vehicles, are available to avoid the gridlock that would occur if every vehicle had to stop at a toll booth.

Other methods, such as new levies on gasoline, car and registration taxes and new fees for heavy vehicles are also used. These taxes target only the people who use the roads, while encouraging others to consider public transit. In Toronto, motorists are prohibited from using fast lanes unless they are carrying a passenger, which encourages car pooling while reducing wear and tear on roads.

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The province's infrastructure is not a luxury but a basic necessity. It facilitates trade and commerce and connects the dots within and between cities. It provides safe drinking water and drains storm water away from homes and streets.

The rate of disrepair and complete failure in some cases, however, means that some parts of Winnipeg and rural Manitoba are beginning to look and feel like Third-World countries. Broken streets send the wrong message to visitors and residents, namely that the place is falling apart and there's no money or will to fix the problem.

Transcona Coun. Russ Wyatt recently warned that the city may eventually have to close roads and bridges that are on the verge of collapsing. One hopes he was merely employing a little hyperbole, but he's not too far off the mark. The Redwood Bridge, for example, is regularly closed for repairs. Other bridges, such as the Louise Bridge, are too old to be rehabilitated and will eventually have to be replaced.

The problem isn't that politicians disagree on the need for more spending, it's that the cost of other priorities, such as health care, crime and education, means there's not a lot of cash left over for other pressing needs.

The best solution is still the one proposed by the Business Council of Manitoba. The provincial sales tax should be increased by one point for 10 years, if a referendum determines the people support it. The increase would raise a total of \$2.4 billion, which itself would not be adequate to address all the shortcomings, but it would be enough to make a difference.

Rather than ignoring the problem, or pretending it doesn't exist, Mr. Selinger should at least convene a panel of experts to consider all the options that have worked in other jurisdictions.

Inevitably, the province and the federal government will have to consider new ways to make infrastructure a higher priority. If not, the long-term outlook will get a lot more rough.

The impact is not merely on automobile tires and spilled coffee, but the very reputation of the province as the land of 100,000 potholes. It's an image Manitoba cannot afford, particularly as it tries to build its stature as a transportation hub through the development of CentrePort in Winnipeg.

MHCA 2012 *Perspectives* Magazine Is Here!

The MHCA's Annual Magazine — Perspectives — is hot off the press and is being sent out to all members this week!

Some of the highlights and features in this year's magazine include:

- » Funding Municipal Infrastructure
- » Pennies for our Cities - A Fresh Approach to Investment in our Cities
- » The IFC Report: Bringing Attention to the Issues
- » The View from Manitoba's North
- » CentrePort Canada Update
- » LEX Corner
- » CCA Year in Review
- » WORKSAFELY Year in Review

Watch for your issue coming soon! For additional copies, contact Jason Rosin at jason@mhca.mb.ca



Featuring articles from one of Winnipeg's largest law firms, Thompson Dorfman Sweatman, an MHCA member and a firm which is engaged by many in our industry.

Planning to Sell Your Business? A Checklist for Success

by Lisa Stiver, Thompson Dorfman Sweatman LLP

There comes a time in every owner's career when they are either approached by an interested third party about buying their business, or they wake up and realize that they are no longer keen about running their company and turn their mind to selling it. Selling a construction business, while not unlike selling other types of businesses, has some unique issues to be considered in order to obtain the best value for the owner who is divesting himself, or herself, of a construction company.

What steps should you take to prepare your business for sale, and what issues should you be focusing on? Here is a checklist of issues to consider and actions to take to enable you to obtain the highest value for your construction company.

Financial Statements - One of the first steps is to get your financial statements in order. That may mean that having them updated to be current, or it may mean organizing them in a fashion that is simple to read, and reflects the most positive structure of your company. Ensure that you have full and complete statements, including a balance sheet that shows cash flow and projections that best illustrate the company's assets.

Non-Disclosure Agreement - If there are companies or individuals who begin to show a keen interest in purchasing your company, one of the first things you should obtain from them is a non-disclosure agreement, in writing, that contemplates the sharing of information by you and an obligation on their part to keep that information confidential. The information and documents that you provide to them may only be disclosed for the purpose of evaluating the purchase of your business. If a potential purchaser is seriously interested in putting forward an offer to purchase your company, they should have no hesitation in agreeing to the terms of a non-disclosure agreement, which would be tailored to assist them in analyzing your business and in formulating their offer to purchase.

Due Diligence - Once you determine that you are intent on selling your construction business, you should focus on a due diligence plan which organizes all of your key contracts. Key contracts include agreements with employees, suppliers, customers and other contractors, as well as financial documents and permits, including tax returns and all documents relating to government regulatory bodies. These agreements should form a complete picture of all contractual obligations, licensing requirements, and permits required to carry on your construction business.

Management Transition Plan - As part of selling your business, you should turn your mind to a transition plan for your senior management. As part of the sale, you want to determine who is staying behind with the business, and have discussions with, and preferably even a written commitment from, those individuals prior to finalizing the terms of a deal to sell the business. You will want to present a complete package to a prospective purchaser, one that includes the assets being sold,

all contracts that form the crux of the business, and all key employees who are integral to achieving the highest value for the company.

Valuation - One unique aspect to selling a construction company concerns valuation of the business. In order to establish a value, you must consider whether you are a complex construction company or a non-complex construction business. For the latter type, you likely can determine a valuation by using net book value. You would likely work with your accountant to arrive at a valuation in this fashion. However, if you are a complex construction company, you may need to look at a valuation based on a multiple of EBITDA in order to obtain the highest value for your business. Anita Wortzman, President and CEO of Acumen Corporate Development Inc., who has worked with large construction companies in valuing and preparing their businesses for sale, cites valuation as a key issue: "Arriving at an appropriate valuation is the most important aspect of preparing your construction company to be sold. Once you determine a fair valuation, whether by using net book value, a multiple of EBITDA, or a combination of both, you should have the appropriate back-up so that your price is defensible, and you can then determine whether the price you are being offered is reasonable. This will help to ensure that you are the one managing the sale of your company."

Whether you are the owner of a large or small construction business who is approached by an interested third party to sell your company, or whether you decide to sell the company to a group of non-arm's length individuals who currently manage the business, following these steps will go a long way to achieving the best value in return for the sale of your construction company.

As always, we would be happy to speak with you about this article and help you with successfully buying, or selling a construction business.

Lisa's practice is focused on procurement law, and, corporate and commercial law, where she assists her clients in both purchasing and selling their businesses. To learn more about how list can help, visit www.tdslaw.com/ljs or contact her directly at 204.934.2375 or by email at ljs@tdslaw.com.

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UPCOMING MHCA/COMMITTEE MEETINGS :

MHCA Events Committee | Tuesday, October 11 | 12:00 Noon

Education Training & Gold Seal | Wednesday, October 12 | 8:00am

Aggregates | Tuesday, October 18 | 12:00 noon

Major Tendering Info Session | Tuesday, November 1 | 7:45am | CanadInns Polo Park

Informative Breakfast with Bob Brennan | Tuesday, November 8 | 7:45am | CanadInns Polo Park

Annual General Meeting | Friday, November 25 | 8:00am | Winnipeg Convention Centre

Note: All Meetings to be held at our new office at Unit 3 -1680 Ellice Avenue unless indicated.

BREAKFAST WITH LEADERS EVENT — NOVEMBER 1, 2011

New Government Tendering Policies

The Manitoba Government is committed to expanding the skills of the province's workforce and investing in capital projects.

To further this commitment, the following three policies have been implemented province-wide for tendering on publicly-funded capital works projects:

1. Tendering Requirements Policy - to ensure compliance with legislative and safety requirements
2. Apprenticeship Training and Development Policy - to increase employer participation in trades training and increase the number of apprentices in Manitoba
3. Aboriginal Persons Training and Development Policy - to increase Aboriginal participation in construction through training and development

PRESENTERS:

- Izabella Pokornowska, Treasury Board Secretariat,
- Gina Lovstad, Employment Standards Division, Labour and Immigration,
- Cordella Friesen, Apprenticeship Manitoba, Entrepreneurship, Training and Trade
- Cheryl Lavallee, Labour Market Skills Division, Entrepreneurship, Training and Trade

Location: CanadInns Polo Park — Ambassador 4 Room

Time: 7:30am Registration/7:45am Breakfast/8:00am Presentations

Price: \$30/person includes breakfast

To Register: Contact Christine Miller, MHCA Events Manager at 947-1379 or by email to christine@mhca.mb.ca

CCA Pleased with Permanent Gas Tax Fund Transfers to Aid Municipalities with Infrastructure

OTTAWA, October 4, 2011 - The Canadian Construction Association (CCA) is pleased to see the government moving forward with its commitment to introduce legislation to make permanent the annual transfer of funds to municipalities under the Gas Tax Fund. This marks the first time a federal infrastructure program has become a permanent fixture.

‘As the only permanent federal support for municipal infrastructure development and maintenance, this program is critical to the redevelopment and modernization of our nation’s infrastructure’, said Michael Atkinson. ‘Canada’s cities are the economic engines that will continue to drive growth and prosperity for future generations of Canadians. Unfortunately, without access to growth taxes, many municipalities are struggling to keep pace with the growing demands our aging infrastructure is placing on their municipal tax base. Making permanent an annual per-capita transfer under the Gas Tax Fund will help to address their infrastructure needs.’

The Gas Tax Fund has been a feature of federal infrastructure support and redevelopment programs since its introduction in 2005. The fund helps municipalities pay for the development and maintenance of core public infrastructure, such as local roads and bridges, drinking water, wastewater systems, communication energy systems, and public transit. CCA urges parliamentarians to pass the legislation quickly and consider indexing the fund to ensure its overall contribution is not diminished over time as a result of inflation.

In budget 2011, the federal government committed to the introduction of legislation to make the annual \$2 billion transfer under the program permanent. CCA has been an advocate of federal participation in the funding of our nation’s infrastructure through long-term support programs. CCA looks forward to the timely passage of the bill through the House of Commons and the Senate, and to working with the federal government on the development of a long-term successor program to the existing Building Canada Plan that expires in 2014.

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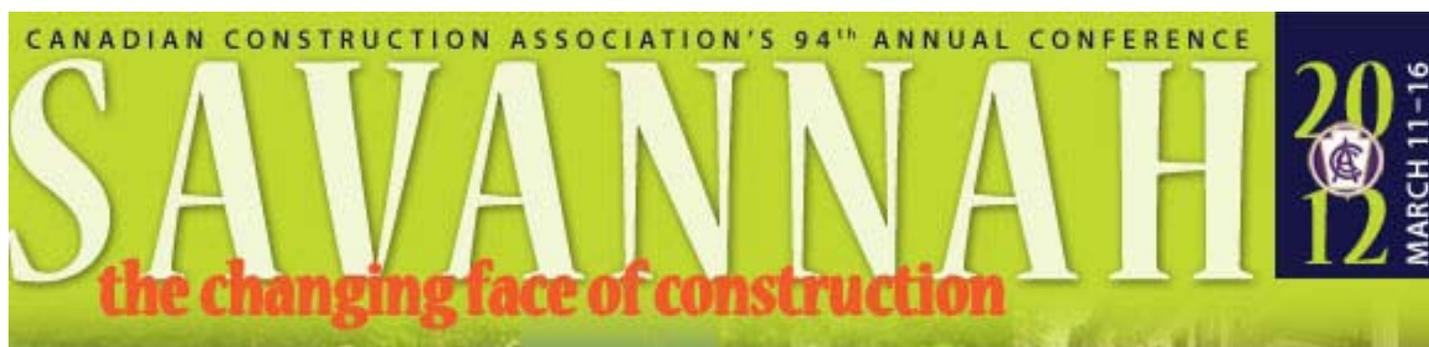
Join CCA in Savannah for the 94th Annual Conference

CCA Annual Conference Registration Now Open

Canadian Construction Association’s (CCA) annual conferences offer unparalleled opportunities for professional development and networking for everyone involved in construction, not to forget a healthy dose of having fun and relaxing with friends old and new.

The 2012 conference will be held in Savannah, Georgia; a city known for its natural beauty, historic houses, restaurants specializing in southern cuisine, galleries, shops and the world’s second largest St. Patrick’s Day parade. Whether golfing, playing tennis or chillaxing at the conference hotel’s spa or poolside, or discovering the city on your own or registering for one of the numerous organized tours, Savannah truly has something to offer to everyone.

The theme of the 2012 CCA annual conference is The Changing Face of Construction. The program includes a keynote speech on Canada and Canadians in the Changing World by CBC News Chief Correspondent Peter Mansbridge as well as 15 business and general interest sessions that are sure to provoke discussion and identify solutions for thriving in our ever-changing industry. The CCA conference is also an opportunity for all delegates to attend the various CCA committee, council and forum meetings as well as the CCA Annual General Meeting.



Two Speed Dials to Watch

By Peter Hall, Vice-President and Chief Economist of Export Development Canada

Frustrated onlookers might say that recent data is for the birds. At present, the birds are flying south, and it seems like high-frequency financial indicators are doing the same. The daily stream of red numbers on financial tickers has again inspired the doomsayers, and sent confidence plunging from already-low levels. Is the slide presaging a double-dip, or is something else going on?

The plunge is alarming. Across the board, stock markets are down by close to 20 per cent, the unofficial bear market threshold, since mid-year. Daily movements are abnormally volatile, depending acutely on the latest data release. Commodity markets have also been broadsided. From an initial 8 per cent tumble in May, commodities have rallied three times, only to fall again to even lower levels. Composite commodity indexes are now 19 per cent lower than the April peak, with crude oil and base metals leading the charge – a stunning reversal from early-year expectations.

Bond markets have also been roiled. Obviously, the big losers were the heavily-indebted peripheral European economies, but CDS spreads also widened alarmingly in Spain and Italy. However, the effect was much broader. Since summer's end, CDS spreads have jumped noticeably right across the emerging market spectrum, from the Far East to South Africa to Latin America, and for the most part, by similar magnitudes.

Downward movements in these financial market indicators have generally followed disappointing news releases. Deterioration in Europe's sovereign debt crisis, further revelations of weakness in the banking sector and softening economic indicators have all influenced market movements. While the movements make sense, do these events justify the extent of market decline?

Behind the scenes, other factors are impacting markets. Here, the timing of the correction is instructive. Markets generally began to swoon at mid-year. This coincides roughly with the automatic withdrawal of the giant stimulus programs implemented by OECD nations in 2009. As these programs kicked in, the effect on GDP growth was remarkable. They are likely to have as dramatic an impact on the way out, and artificial weight on the world economy that, if misinterpreted, could grossly understate underlying strength. Austerity programs are only adding to this artificial weight.



Market movements also coincide with another policy development: the end of US quantitative easing, round two. Significant liquidity has been injected into the marketplace since the collapse of Lehman, creating concerns about asset price distortion. Given slower economic activity and vastly reduced borrowing and lending activity, there have been significant debates about where the torrent of additional liquidity has been channelled. Some have looked with suspicion on the paradox of weak economic growth on the one hand, and soaring stock markets, commodity prices and emerging market bond rallies on the other. It is interesting that commodity futures began correcting almost exactly a month in advance of the end of QE2, and that stock markets followed suit.

The bottom line? Tumbling financial indicators are not necessarily the economy's fault. Radical policy initiatives have had a dramatic effect on the data in the past three years, and will do as they unwind. It's best to know that there are two economies at the moment, and to keep eyes on both speed dials.



SAFE Work - A Way of Life

NEWS RELEASE

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For Immediate Release

Date: October 12, 2011

Winston Maharaj Appointed President and CEO

(WINNIPEG) The Board of Directors is very pleased to announce the appointment of Winston Maharaj as President and CEO of the WCB. He will commence his duties in December, 2011. Maharaj will replace Doug Sexsmith, who will be retiring later this year after 10 years as President and CEO.

"We are pleased to be adding a leader of Winston Maharaj's caliber to the WCB management team," says Michael Werier, Chair of the WCB Board of Directors. "Today's appointment is the result of a rigorous Board selection process and the Board is confident that Maharaj will be a great fit with WCB staff and stakeholders.

Maharaj comes to the WCB from the Healthcare Employees Benefit Plans Manitoba (HEB) where he held the position of Chief Executive Officer from 2007 to present. In this role, he was responsible for strategic and operational planning for the organization as well as being the primary contact between HEB operations and the Board of Trustees.

"I'm excited to be joining an organization that plays such a vital role in helping injured workers and preventing workplace injuries, while at the same time, placing a high value on good management and service excellence," says Maharaj.

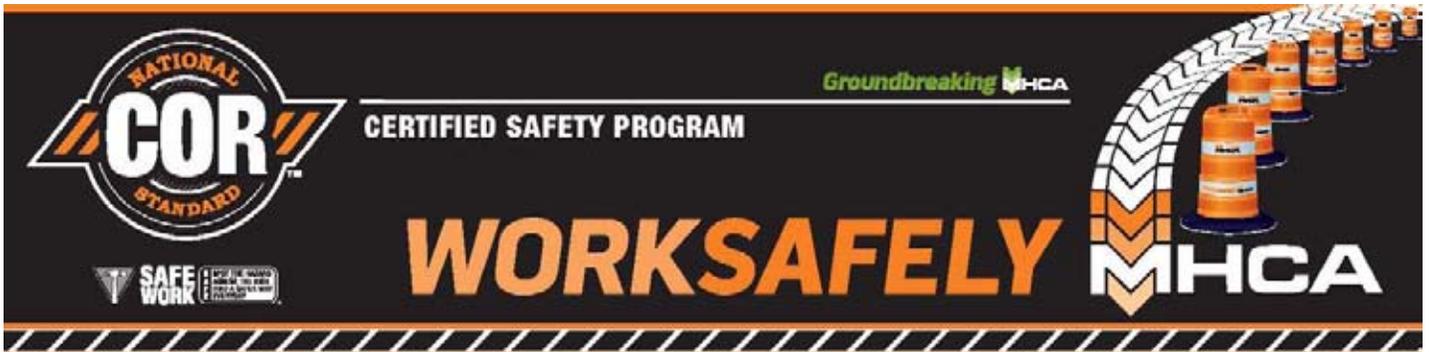
Maharaj has extensive experience in the public sector having held a number of positions with the Manitoba Government and the Government of Ontario. His experience ranges from an analyst with the Treasury Board Secretariat to an Assistant Deputy Minister - Health Workforce. He has extensive experience providing direction and oversight related to medical labour relations, insured benefits and health human resource planning for the province.

Maharaj holds a Masters Degree in Public Administration, a Bachelors of Commerce Degree as well as Certificates in Pension Plan Administration and Global Benefits Management.

"The Board wishes to acknowledge with sincere thanks Doug Sexsmith's 10 years of exemplary service to the Board," adds Werier.

WORKSAFELY COR™ Certificates Have Arrived!

WORKSAFELY Advisors now have new COR™ certificates to distribute to certified companies, showcasing their hard work and achievement of a successful, COR™ certified safety program! Contact your advisor today at 204-947-1379 for more information. Also, inquire about how to receive a set of site signs and COR™ banner!



WORKSAFELY MHCA

Construction Safety Excellence™

Training Schedule



Register by:

- » Email: Denine Rodrigues at safety@mhca.mb.ca
- » Fax: 204-943-2279

Cancellation Policy:

The *WORKSAFELY* policy states cancellation must be made at least two business days in advance, otherwise full course fee charge will apply.

OCTOBER 2011	
October 3-4	COR™ Leadership
October 5	COR™ Principles
October 6-7	COR™ Auditor
October 11	Safe Work Procedures
October 12	Prime Contractor
October 13	Back Injury Prevention (1/2 day AM)
October 13	Fatigue Management (1/2 day PM)
October 14	Safety Administration (1/2 day AM)
October 14	Toolbox Talks
October 17-18	Train the Trainer
October 19	WHMIS (1/2 day AM)/ TDG (1/2 day PM)
October 20	COR™ Auditor Refresher (1/2 day AM)
October 21	Excavating & Trenching (1/2 day AM)
October 21	Flagperson (1/2 day PM)
October 21	First Aid 1 - CPR

NOVEMBER 2011	
November 10	Excavating & Trenching (1/2 day AM)
November 10	Flagperson (1/2 day PM)
November 14-15	COR™ Leadership
November 16	COR™ Principles
November 17-18	COR™ Auditor
November 21-22	Train the Trainer
November 23	WHMIS (1/2 day AM)/ TDG (1/2 Day PM)
November 24	COR™ Auditor Refresher (1/2 day AM)

Construction Safety Officer	
October 7	CSO Prep Course
October 28	CSO Exam

Winter Roads Training	
December 5-9	Thompson, MB

REMINDER:
WORKSAFELY requires at least six people registered to deliver the course.

Customized training is available for your specific requirements.
 Call the *WORKSAFELY* Office at (204) 947-1379 for more information.