

**Lansdowne Master Limited Partnership**  
**Annual Unitholder Meeting**  
**October 15, 2021**

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**Meeting Minutes**

10:00 am via videoconference

Unitholder Attendees:

*City of Ottawa:* Steve Kanellakos, City Manager

*Ottawa Sports and Entertainment Group:* Roger Greenberg, Executive Chair and Managing Partner

*Lansdowne Master GP Inc.:* Mark Goudie, President & CEO  
David Porter, Senior Vice President, Finance & Technology

Other Attendees:

*City of Ottawa:* Wendy Stephanson, Chief Financial Officer  
Isabelle Jasmin, Deputy City Treasurer  
Steve Box, Director of City Manager's Office  
Dan Chenier, General Manager, Recreation Cultural & Facility Services  
David White, City Solicitor  
Geoff Cantello, Senior Legal Counsel  
Ryan Fabiani, Research Officer  
Jocelyn Turner, Program Manager, Public Information and Outreach

*Component GPs:* Stephanie Spruston, Vice President, Corporate Services & General Counsel

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**Agenda Items.**

**1. Election of Chair**

Motion by Steve Kanellakos to elect Roger Greenberg as Chair.  
Motion passed and position accepted.

**2. Appointment of Secretary**

Motion by Roger Greenberg to appoint Stephanie Spruston as Secretary.  
Motion passed and position accepted.

Chair called the meeting to order.

**3. Approval of Previous Meeting Minutes**

Motion by Steve Kanellakos to approve the minutes from the August 28, 2020 Lansdowne Master Limited Partnership Unitholders Meeting.

Roger Greenberg concurred. Motion passed and minutes approved.

Given the City's postponement of the originally scheduled meeting from September 20, 2021 until today, motion by Roger Greenberg to waive the requirement under section 6.1(C) of the Master Limited Partnership Agreement for the GP to convene the annual unitholder meeting within one hundred and eighty (180) days of the end of each fiscal year.

Steve Kanellakos concurred. Motion passed.

**4. Audited Financial Statements - Presentation by Lansdowne Master GP Inc. ("Master GP") of audited Financial Statements of Master LP for the period April 1, 2020 to March 31, 2021, together with Auditor's Report (Section 6.1(a) of LPA).**

David Porter summarized the audited financial statements for the Master LP for the fiscal year April 1, 2020 to March 31, 2021.

Motion by Roger Greenberg to approve the audited financial statements for the Master LP.

Steve Kanellakos concurred. Motion passed.

**5. Fiscal 2021 Budget to Actual**

David Porter outlined the financial results for the FY21 reporting period and described the main variances against the original budget, summarized in Schedule C to the meeting agenda.

The FY21 Original Budget was in a draft stage when the Covid 19 pandemic hit and was amended to include the expected impact of prolonged lockdowns on the Partnership's business. That amended plan was approved by the Partners as the FY21 Approved Budget in June 2020.

Overall results were favourable to budget by approximately \$4.5M

Favourable variances were primarily due to better-than-expected performance of our retail tenants and a reduction in salary expense across OSEG employer entities. We had assumed higher gross losses on retail rents, but through rent subsidies and negotiating abatements and deferrals with our tenants, we were favourable to budget by approximately \$2.2M. Staff reductions and wage subsidies resulted in an additional \$2M savings.

Unfavourable variances resulted from the elimination of games and events during the reporting period due to longer than anticipated COVID restrictions. Event revenues, sponsorship revenues and anticipated CFL distributions were all lower than projected.

**6. Fiscal 2022 Operating Budget**

David Porter summarized the budget and forecasted financial performance for the current fiscal year from April 1, 2021 to March 31, 2022.

We will have 75% of the events and games we would normally have but capacity restrictions and fan hesitancy will bring that effectively to 56%. Parking will also be down by approximately \$1M as a result. Similarly, with capacities down, retail tenant revenues and percentage rent are lower than normal.

The retail loan recently secured from TD Bank is expected to reduce partner contribution requirements to \$1.8M in FY22. The target with next year's mortgage refinancing is to try to increase the principal amount and repay the \$10M TD loan.

City staff asked what adjustments have been made on the operating cost side. Roger Greenberg explained that in addition to permanent full-time stadium head count reduction and carefully monitoring cash flow, there has been a CFL league wide reduction in costs, including non-player salary caps, to achieve material savings annually – some at the league level and some at the team level.

## **7. Revised Pro-forma**

David Porter presented a revised waterfall proforma estimate, updated to reflect fiscal 2021 actual results, Fiscal 2022 budget and current estimates through to 2054. Total cash distributions over the 40-year partnership are now estimated to be \$241M compared to the \$295M estimated in the pre-Covid 2020 proforma.

## **8. Significant Matters - Presentation by Master GP of significant matters for the prior fiscal year, update on current matters of significance and summary of any anticipated matters.**

Mark Goudie reported that the pandemic hit near the end of FY20 and the partnership has been operating in an environment of uncertainty since; it is clear we will be feeling the effects of COVID for at least two more years.

Our FY21 Approved Budget assumed we would be back to events for Q4 of 2021, but unfortunately that did not happen.

Some of the adjustments we made in the last year to offset the loss of revenue included reducing pay across our salaried employees (including team operations), by 20% in April of 2020, shortly after the pandemic hit. We also reduced our full-time stadium workforce by 40% in October 2021, with full severance entitlements. This allowed us to phase salaries back up to 100% by the beginning of 2021, to ensure we retained our core employees to develop and execute our recovery plan. Some of those staffing reductions will be permanent. Our employer entities also benefited materially from the federal CEWS wage subsidy program.

Retail operations performed better than expected, aided by the Federal rent subsidy programs. We were also able to retain a good portion of REDBLACKS 2020 season ticket holder funds and defer those funds to the 2021 season. About 2,500 Covid-hesitant season ticket holders

again deferred their tickets to the 2022 season. As a result, we are at an all-time high in deferred revenue.

We are seeing a slower industry recovery than we had expected. Although our venues are now allowed 100% capacity, touring acts mainly from US will likely not return to Ontario until border restrictions are lifted. Like the rest of the retail and food industries, hiring full and part-time staff is a challenge. We would normally have 800 casual gameday staff at a football game; we struggle now to hire and schedule 400 casual staff for each game, which has a domino effect on our food and beverage through-put performance.

OSEG completed its purchase of an 18% interest in Ottawa Titans Baseball Club in February, and we understand the team is targeting a launch in March 2022 at RCGT Park.

Through its sub-lease, LSLP holds an option to purchase the Ottawa Blackjacks Basketball Club which expires December 31, 2021. We will be reviewing whether this is an opportunity we will pursue over the next month.

Roger Greenberg added that the pre-pandemic operating income was budgeted for \$3M to \$5M. The \$7M to \$9M dollar actual operating loss results in a \$10M swing due to Covid 19.

## **9. Other business**

Mark Goudie questioned the volume of information required by the Auditor General's office in connection with the 2020 Lansdowne Accounting/Waterfall Audit.

Steve Box acknowledged that liquidity and risk exposure are monitored by LMLP auditors annually and reflected in notes to the consolidated LMLP financial statements (for example in the FY21 statements at page 12); the Auditor General's office will be advised of same.

## **10. Adjournment**

Meeting then adjourned.