

4. LANSLOWNE PARTNERSHIP PLAN ANNUAL REPORT

**RAPPORT ANNUEL SUR LE PLAN DE PARTENARIAT DU PARC
LANSLOWNE**

COMMITTEE RECOMMENDATIONS

That Council receive the following status update report related to the Lansdowne Partnership Plan:

- 1. The update from the City Manager outlining the delegated authority exercised from Q4 2015 to date by the City Manager, the City Clerk and Solicitor and the City Treasurer, under the finalized and executed Lansdowne Partnership Plan Legal Agreements;**
- 2. The update from the City Manager on the June 22, 2016 Lansdowne Master Partnership Meeting and Meetings Amongst Parties to the Unanimous Shareholder Agreements; and,**
- 3. The status update outlined in this report regarding the operations of the Lansdowne Public-Private Partnership as detailed on Page 14 in the 2015- Purchasing Year in Review report (ASC2016-CMR-FIN-0008).**

RECOMMANDATIONS DU COMITÉ

Que le Conseil reçoit les rapports d'étape liés au Plan de partenariat du parc Lansdowne :

- 1. la mise à jour du directeur municipal faisant le point sur les pouvoirs délégués qui ont été exercés du T4 2015 jusqu'à maintenant par le directeur municipal, le greffier municipal et chef du contentieux et la trésorière municipale en vertu des accords juridiques finaux et signés concernant le Plan de partenariat de Lansdowne;**
- 2. la mise à jour du directeur municipal sur les réunions du 22 juin 2016 de la société en commandite principale responsable de Lansdowne et des parties aux conventions unanimes des actionnaires; et,**
- 3. le rapport d'étape indiqué dans ce rapport sur les activités du partenariat public-privé Lansdowne, comme il est indiqué à la page 14 du rapport d'examen des achats de 2015 (ASC2016-CMR-FIN-0008).**

DOCUMENTATION / DOCUMENTATION

- 1. Steve Kanellakos, City Manager, report dated 28 June 2016 / Directeur Municipal, rapport daté le 28 juin 2016 (ACS2016-CMR-OCM-0024)**
- 2. Extract of Draft Minutes, Finance and Economic Development Committee, 5 July 2016 / Extrait de l'ébauche du procès-verbal du Comité des finances et du développement économique, le 5 juillet 2016.**

**FINANCE AND ECONOMIC
DEVELOPMENT COMMITTEE
REPORT 16
13 JULY 2016**

29

**COMITÉ DES FINANCES ET DU
DÉVELOPPEMENT ÉCONOMIQUE
RAPPORT 16
LE 13 JUILLET 2016**

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
5 July 2016 / 5 juillet 2016**

**and Council
et au Conseil
13 July 2016 / 13 juillet 2016**

**Submitted on June 28, 2016
Soumis le 28 juin 2016**

**Submitted by
Soumis par:
Steve Kanellakos, City Manager / Directeur municipal**

**Contact Person
Personne ressource:**

Steve Box, Director, Corporate Programs and Business Services / directeur,
Programmes municipaux et Services opérationnels, City Manager's Office / Bureau du
directeur municipal
613-580-2424, ext / poste 24200, Steve.Box@ottawa.ca

Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2016-CMR-OCM-0024

SUBJECT: Lansdowne Partnership Plan Annual Report

OBJET: Rapport annuel sur le Plan de partenariat du parc Lansdowne

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend that Council receive the following status update report related to the Lansdowne Partnership Plan:

- 1. The update from the City Manager outlining the delegated authority exercised from Q4 2015 to date by the City Manager, the City Clerk and Solicitor and the City Treasurer, under the finalized and executed Lansdowne Partnership Plan Legal Agreements;**
- 2. The update from the City Manager on the June 22, 2016 Lansdowne Master Partnership Meeting and Meetings Amongst Parties to the Unanimous Shareholder Agreements; and,**
- 3. The status update outlined in this report regarding the operations of the Lansdowne Public-Private Partnership as detailed on Page 14 in the 2015-Purchasing Year in Review report (ASC2016-CMR-FIN-0008).**

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil de recevoir les rapports d'étape liés au Plan de partenariat du parc Lansdowne :

- 1. la mise à jour du directeur municipal faisant le point sur les pouvoirs délégués qui ont été exercés du T4 2015 jusqu'à maintenant par le directeur municipal, le greffier municipal et chef du contentieux et la trésorière municipale en vertu des accords juridiques finaux et signés concernant le Plan de partenariat de Lansdowne;**
- 2. la mise à jour du directeur municipal sur les réunions du 22 juin 2016 de la société en commandite principale responsable de Lansdowne et des parties aux conventions unanimes des actionnaires; et,**

3. le rapport d'étape indiqué dans ce rapport sur les activités du partenariat public-privé Lansdowne, comme il est indiqué à la page 14 du rapport d'examen des achats de 2015 (ASC2016-CMR-FIN-0008).

EXECUTIVE SUMMARY

The purpose of this report is to fulfil the reporting requirements under the Lansdowne Partnership Plan (LPP) Project Agreements and as directed by Council which includes a summary of the exercise of delegated authority under the executed Lansdowne Partnership Plan Legal Agreements from Q4 2015 to date by the City Manager, City Clerk and Solicitor and City Treasurer. It also reports on the June 22, 2016 Lansdowne Master Limited Partnership meeting and the June 22, 2016 Meetings Amongst Parties to Unanimous Shareholder Agreements. Lastly; this report provides an update on the operations of the Lansdowne Partnership Plan.

Section 1: Delegation of Authority Summary

Since December 9, 2015, when City staff last reported on the exercise of the delegated authority through the *Lansdowne Partnership Plan Annual Report* (ACS2015-CMR-OCM-0015), delegated authority has been exercised a total of four times. Four Transportation Management Agreements have been executed on behalf of the City with various subtenants under the Retail Lease and Lansdowne Retail Limited Partnership, the owner/sublandlord under the Retail Lease.

Section 2: Report on the June 22, 2016 Lansdowne Master Limited Partnership meeting and the June 22, 2016 Meetings Amongst Parties to Unanimous Shareholder Agreements

As part of the Lansdowne Partnership Plan, the Master Limited Partnership was created in which the City and Ottawa Sports and Entertainment Group (OSEG) are the limited partners and Lansdowne Master GP Inc. is the general partner.

A Limited Partnership Agreement was entered into on October 12, 2012 and provides that the fiscal year is the calendar year. It also provides that the general partner must

provide audited financial statements for each fiscal year and an unaudited income statement and balance sheet at the end of each fiscal quarter.

Consistent with Council's role in relation to other entities in which the City has a legal interest (e.g. Hydro Ottawa, Ottawa Community Housing Corporation, etc.), Council's role in relation to the Master and Component Limited Partnerships is limited in scope.

Council, as represented by the City Manager, cannot direct day-to-day business operations. Conversely, Council has a number of things it must do such as attend Annual Meetings, as represented by the City Manager, and approve annual financial statements and the appointment of the auditors of the Master Limited Partnership.

Annual Meetings of Parties to the Lansdowne Master Limited Partnership and the LPP Unanimous Shareholder Agreements

On June 22, 2016 the meetings amongst the parties to the LPP Master Limited Partnership and the LPP Unanimous Shareholder Agreements took place at City Hall in the City Manager's Boardroom.

The City was represented in each of the two meetings by the City Manager and the City Clerk and Solicitor (through his delegate, the Deputy City Solicitor, Corporate, Development and Environmental Law) and the City Treasurer. The Ottawa Sports and Entertainment Group (OSEG) was represented in each of the two meetings by Roger Greenberg, Partner.

The general partner of the Lansdowne Master Limited and the general partners of each of the four Component Limited Partnerships were represented in each of the two meetings by Bernie Ashe, Chief Executive Officer of Component GP and Mark Goudie, Chief Financial Officer and Chief Operating Officer of the Component GP.

The annual meeting of the parties to the Lansdowne Master Limited Partnership focused on the financial performance results for the period ending December 31, 2015. The meeting also included a presentation of the 2016 Operating Budget, a presentation

of a revised Pro-forma for the 30-year closed financial system (waterfall, under the LPP), and highlighted significant matters and other business.

The second meeting, being the Annual Meetings of Parties to LPP Unanimous Shareholder Agreements, commenced immediately after the adjournment of the first meeting described above and consisted of a series of “sub-meetings” related to each of the Component Limited Partnerships, namely: (1) the stadium component; (2) the retail component; (3) the CFL team; and, (4) the Ottawa 67’s hockey team, and included the parties to the Unanimous Shareholder Agreement for each Component General Partnership.

A total of twelve Major Decisions were made by the City and OSEG at the two meetings. These decisions were in relation to the adoption and approval of the audited financial statements for the Lansdowne Master Limited Partnership for the period ending December 31, 2015, the adoption and approval of the financial statements for the four component limited partnerships, the deletion of the requirement for the financial statements for them to be audited, and the appointment of KPMG as the auditor for the Lansdowne Master Limited Partnership.

Finally, two Major Decisions were made approving “non-arms’ length” transactions involving the Lansdowne Master Limited Partnership (but with no payments required by the City) related to financing fees for the \$23.6M loan to resolve the OSEG/City Structural Steel dispute and “surplus assets sponsorship agreements” related to the construction financing for the Retail development at the Lansdowne site (again, with no payments required by the City).

Financial

At the Lansdowne Limited Partnership meeting held on June 22, 2016, the General Partner presented the Financial Statements for the year ended December 31, 2015. The financial statements were approved and received by the City and are on file with the City Clerk’s Office.

In the December 1, 2015, *Lansdowne Partnership Plan Annual Report* (Ref N°: ACS2015-CMR-OCM-0015) a financial update to the 30-year projections (pro forma) was provided. The pro forma was updated at that time to reflect the most current financial assumptions and their impact on the expected returns to the City and OSEG, covering the period from 2012 to 2044.

At the June 22, 2016 unit holder meeting, the General Partner presented a revised pro forma, which reflected results to date and updated assumptions based on experience and known or expected future transactions.

The 2016 revised pro forma shows an increase of \$32.7M in waterfall distributions over the 30-year projection, primarily resulting from a shift and increase in revenue projections over the next four years compared to what was projected in the 2015 pro forma.

The retail mortgage and city guaranteed loan to repay OSEG for costs that were outside of the scope of the project were completed in 2015, which resulted in an earlier repayment of equity and reduction in interest return to OSEG. Therefore the increase of \$32.7M in waterfall distributions primarily increases the City's return from nil to \$32.5M and OSEG's return increases by \$200K in the revised 2016 projections compared to those presented in 2015.

Reporting on the Exercise of Delegated Authority and on the Annual Meetings as per the Terms and Conditions of the Lansdowne Partnership Plan Project Agreements

On June 11, 2014, City Council, through the Lansdowne Partnership Plan – Report on Exercise of Delegated Authority and Proposed Amendment to Existing Authority for the Operations Phase (Ref N°: ACS-CMR-LEG-0005), approved the rationale for amending the City Manager's, the City Clerk and Solicitor's and the City Treasurer's delegated authority to include the operations phase of the LPP, being the practical and operational aspects of the master and component limited partnerships to clarify the intent of Council's previous delegation of authority given on October 10, 2012. The purpose was to give full effect to the terms of the previous report and the transactions then

contemplated, but not fully expanded upon at that time, such as the City's participation at the annual general meetings of the master limited partnership and providing major decisions.

As approved by Council on June 28, 2010 and October 10, 2012 the LPP is comprised of a master limited partnership, incorporated under the laws of the Province of Manitoba, in order to limit the legal liability of the City and the Ottawa Sports and Entertainment Group.

The LPP also includes limited partnerships for each of the LPP components being: (1) the stadium component; (2) the retail component; (3) the CFL team; and, (4) the Ottawa 67's hockey team. The master limited partnership is the umbrella under which each of the component limited partnerships is figuratively and legally sheltered.

The City is a party to a unanimous shareholder agreement for the master limited partnership as well as for each of the four component limited partnerships noted above for the purpose of enforcing the provisions of each agreement. All of these agreements were on file with the City Clerk and Solicitor at the time that Council approved the final LPP Legal Agreements and the legal close of the LPP on October 10, 2012.

The above agreements complement and supplement the provisions in the LPP Project Agreements such as the Project Agreement for the Redevelopment of Lansdowne Park, the Stadium Lease and the Retail Lease, all of which have been previously approved, finalized and executed.

Section 3: Update on the operations of the Lansdowne Public-Private Partnership

As directed by Council and in keeping with the practice of annual reporting on Public-Private Partnerships, a status report on the operations of Lansdowne is to be provided to Council annually.

In 2015, approximately 2.5 million people visited Lansdowne Park. Visitors have embraced the use of OC Transpo, and over 1,000 jobs have been created in the area

and are driving economic activity. Additionally, Lansdowne's retail district is now 97 per cent leased.

OSEG operates the stadium, arena and parking garage and is responsible for the public realm throughout the retail and residential portions of Lansdowne.

A maintenance agreement was entered into with OSEG in July 2014 for the remainder of the site to leverage economies of scale and ensure consistency in maintenance standards throughout the Lansdowne site.

Parks, Recreation and Cultural Services Programming

The Parks, Recreation and Cultural Services Department within the City of Ottawa is responsible for programming the Horticulture Building, Aberdeen Pavilion, Aberdeen Square and the Urban Park, which includes the Great Lawn, outdoor skating rink, children's play structure, community garden, outdoor plazas and the transformable public artwork called Moving Surfaces.

The Urban Park is programmed by Parks, Recreation and Cultural Services on a year-round basis, and the programming plan for Lansdowne is coordinated through an ongoing dialogue between OSEG and City staff and is developed to support the vision of a world class meeting place that is accessible to all.

The Urban Park at Lansdowne has quickly become a popular gathering place and hub of activity for all ages. Since the last report to Council in the fall of 2015, the Aberdeen Pavilion has hosted 24 rentals while the Horticulture building hosted 98 rentals. Together, the events had an estimated attendance in excess of 323,000. This is more than triple the number of rentals within the same time frame during the first year of operations. Many rentals have garnered city-wide interest, such as the Brier Patch, the Ottawa Farmers' Market Winter and Christmas Market, the Canadian Tulip Festival and the Fort Mac Fundraiser event.

Programming at the park continues to be a blend of community recreation and cultural experiences. Programming and rental revenues are in line with budget expectations. Many organisations have confirmed the use of Lansdowne as their preferred location for events in 2017.

RÉSUMÉ

Le présent rapport vise à remplir les exigences en matière de préparation de rapport conformément aux ententes relatives au projet du Plan de partenariat du parc Lansdowne (PPL) et comme demandé par le Conseil municipal. Il contient un résumé de l'exercice des pouvoirs délégués en vertu des ententes juridiques exécutées du PPL à compter du 4^e trimestre de 2015 jusqu'à maintenant par le directeur municipal, le greffier et chef du contentieux et la trésorière municipale. Il rend également compte les réunions du 22 juin 2016 de la société en commandite principale responsable de Lansdowne et des parties aux conventions unanimes des actionnaires. Enfin, ce rapport fait le point sur les activités du Plan de partenariat du parc Lansdowne.

SECTION 1 - Résumé des pouvoirs délégués

Depuis le 9 décembre 2015, la dernière date à laquelle le personnel a rendu compte de l'exercice du pouvoir dans son rapport annuel entourant le Plan de partenariat du parc Lansdowne (ACS2015-CMR-OCM-0015), les pouvoirs délégués ont été exercés à quatre reprises. Quatre ententes relatives à la gestion du transport ont été conclues au nom de la Ville avec divers sous-locataires des commerces de détail et la société en commandite principale responsable de Lansdowne, celle-ci étant propriétaire et sous-locateur en vertu du bail des commerces de détail.

SECTION 2 - Rapport sur les réunions du 22 juin 2016 de la société en commandite principale responsable de Lansdowne et des parties aux conventions unanimes des actionnaires

Dans le cadre du Plan de partenariat du parc Lansdowne, une société en commandite principale a été créée; la Ville et Ottawa Sports and Entertainment Group (OSEG) en sont les commanditaires et Lansdowne Master GP Inc., le commandité.

Une convention de société en commandite a été conclue le 12 octobre 2012 qui stipule que l'exercice financier correspond à l'année civile. Elle stipule aussi que le commandité doit fournir des états financiers vérifiés pour chaque exercice financier

ainsi qu'un état des résultats et un bilan non vérifiés à la fin de chaque trimestre d'exercice.

Conformément au rôle du Conseil municipal eu égard à d'autres instances dans lesquelles la Ville a des intérêts juridiques (p. ex., Hydro Ottawa, Société de logement communautaire d'Ottawa), le rôle du Conseil relativement à la société en commandite principale et aux commandités responsables de composantes du projet est limité.

Le Conseil, représenté par le directeur municipal, ne peut pas diriger les activités commerciales au jour le jour. Par ailleurs, diverses tâches incombent au Conseil, représenté par le directeur municipal; il doit notamment assister aux réunions annuelles et nommer le vérificateur de la société en commandite principale.

Réunions annuelles des parties aux conventions unanimes des actionnaires du PPL et de la société en commandite principale responsable de Lansdowne

Le 22 juin 2016, ont eu lieu dans la salle de conférence du directeur municipal de l'hôtel de ville les réunions des parties aux conventions unanimes des actionnaires du PPL et de la société en commandite principale responsable de Lansdowne.

La Ville était représentée aux deux réunions par son directeur municipal, par son greffier municipal et chef du contentieux (par l'entremise de son délégué, le chef du contentieux adjoint, droit administratif, droit de l'aménagement et droit de l'environnement) et par la trésorière municipale. Ottawa Sports and Entertainment Group (OSEG) était représenté aux deux réunions par Roger Greenberg, Partner.

À chacune de ces deux réunions, le commandité de la société en commandite principale responsable de Lansdowne et les commandités des quatre composantes du projet étaient représentés par Bernie Ashe, président-directeur général de Lansdowne Master GP Inc. et Mark Goudie, chef des opérations et chef de la direction financière de Lansdowne Master GP Inc.

La réunion annuelle des parties de la société en commandite principale responsable de Lansdowne a porté principalement sur les résultats financiers de la période se terminant le 31 décembre 2015. Au cours de la réunion, le budget de fonctionnement de 2016 et un rapport pro forma actualisé du système financier fermé sur une période de 30 ans (structure en cascade décrite dans le Plan de partenariat du parc Lansdowne) ont été présentés et des aspects importants et autres sujets ont été soulevés.

La deuxième réunion, qui était la réunion annuelle des parties aux conventions unanimes des actionnaires du PPL, a commencé immédiatement après l'ajournement de la première réunion décrite précédemment et elle comportait une série de sous-réunions des commandités responsables des quatre composantes, nommément : (1) le stade; (2) le commerce de détail; (3) l'équipe de la LCF; et (4) l'équipe de hockey les 67 d'Ottawa. Étaient présentes les parties à la convention unanime des actionnaires de chacune des composantes.

En tout, douze décisions importantes ont été prises par la Ville et OSEG au cours de ces deux réunions. Ces décisions étaient reliées à l'adoption et l'approbation des états financiers vérifiés de la société en commandite principale responsable de Lansdowne pour la période se terminant le 31 décembre 2015, l'adoption et l'approbation des états financiers des commandités et l'annulation de l'obligation d'en faire faire la vérification, et la nomination de KPMG au titre de vérificateur de la société en commandite principale responsable de Lansdowne.

Enfin, deux décisions majeures ont été prises pour approuver les transactions avec lien de dépendance concernant la société en commandite principale responsable de Lansdowne (mais sans paiements exigés de la Ville). Ces décisions étaient reliées aux frais de financement afférents à un prêt de 23,6 millions de dollars pour régler le litige entre OSEG et City Structural Steel et à l'excédent d'actif des ententes de commandites en lien avec le financement de la construction de la composante du commerce de détail à l'emplacement du parc Lansdowne (ici non plus, aucun paiement exigé de la Ville)

Finances

À la réunion de la société en commandite principale responsable de Lansdowne qui a eu lieu le 5 janvier 2015, le commandité a présenté des états financiers pour l'année se terminant le 31 décembre 2015. Ces états financiers ont été approuvés et reçus par la Ville et sont conservés au Bureau du greffier municipal.

Le rapport annuel du 1^{er} décembre 2015 entourant le Plan de partenariat du parc Lansdowne (réf. ACS2015-CMR-OCM-0015) comportait une mise à jour financière des prévisions sur trente ans (pro forma). Le rapport pro forma a été révisé à ce moment afin de tenir compte des plus récentes hypothèses financières et de leur incidence sur le rendement prévu pour la Ville et OSEG pour la période de 2012 à 2044.

À la réunion des actionnaires du 22 juin 2016, le commandité a présenté le rapport pro forma révisé, qui tenait compte des résultats à ce jour et des hypothèses révisées en fonction de l'expérience et des transactions connues ou prévues.

Le rapport pro forma actualisé de 2016 indique une augmentation de 32,7 millions de dollars des distributions en cascade sur trente ans. Cette augmentation est principalement attribuable à un changement et à une hausse au chapitre des prévisions de revenus pour les quatre prochaines années par rapport à ce que prévoyait le pro forma de 2015.

Le prêt hypothécaire et le prêt garanti par la Ville pour rembourser à OSEG ses dépenses à l'extérieur de la portée du projet ont pris fin en 2015, ce qui a entraîné le remboursement anticipé du capital et une diminution des intérêts versés à OSEG. Par conséquent, dans les prévisions actualisées de 2016, l'augmentation de 32,7 millions de dollars principalement sous forme de distributions en cascade fait passer le rendement de la Ville de zéro à 32,5 millions de dollars et augmente le rendement d'OSEG de 200 000 dollars par rapport aux prévisions de 2015.

Rapport sur l'exercice des pouvoirs délégués et sur les réunions annuelles, conformément aux modalités et aux conditions des ententes relatives au projet du Plan de partenariat du parc Lansdowne

Le 11 juin 2014, le Conseil municipal, par l'entremise du Plan de partenariat du parc Lansdowne — rapport sur l'exercice des pouvoirs délégués et modification proposée à la délégation des pouvoirs actuelle pour la phase des opérations (réf. : ACS-CMR-LEG-0005), a approuvé l'argumentaire visant à modifier les pouvoirs délégués du directeur municipal, du greffier municipal et chef du contentieux et de la trésorière municipale et à inclure la phase des opérations du PPL, laquelle comportait les aspects pratiques et opérationnels de la société en commandite principale responsable de Lansdowne et des commandités, afin de clarifier l'intention de la délégation de pouvoirs accordée antérieurement par le Conseil le 10 octobre 2012. Le but était d'appliquer intégralement les conditions du rapport précédent ainsi que les transactions envisagées à ce moment qui n'avait pas été complètement exécutées, par exemple la participation de la Ville aux assemblées générales de la société en commandite principale et la prise de décisions majeures.

Comme approuvé par le Conseil le 28 juin 2010 et le 10 octobre 2012, le Plan de partenariat du parc Lansdowne (PPL) comporte une société en commandite principale, constituée en vertu des lois de la province du Manitoba, afin de limiter la responsabilité juridique de la Ville et de Ottawa Sports and Entertainment Group.

Le PPL comprend également des commandités responsables de chaque composante du PPL : (1) le stade; (2) le commerce de détail; (3) l'équipe de la LCF; et (4) l'équipe de hockey les 67 d'Ottawa. La société en commandite principale est le cadre sous lequel est hébergée figurativement et juridiquement chacune des composantes des commandités.

La Ville est partie de la convention unanime des actionnaires pour la société en commandite principale ainsi que pour chacune des quatre composantes des commandités mentionnées précédemment aux fins d'appliquer les dispositions de chaque convention. Toutes ces conventions étaient conservées aux dossiers du greffier municipal et chef du contentieux au moment où le Conseil a approuvé les dernières ententes juridiques reliées au PPL et à l'officialisation juridique du PPL le 10 octobre 2012.

Les conventions ci-haut mentionnées complètent les dispositions des ententes relatives au projet du PPL, comme l'entente pour le réaménagement du parc Lansdowne, le bail du stade et le bail des commerces de détail, des volets approuvés, achevés et exécutés antérieurement.

SECTION 3 - Le point sur les activités du partenariat public-privé Lansdowne

Comme demandé par le Conseil et conformément à la pratique de produire un rapport annuel sur les partenariats publics-privés, un rapport sur l'état d'avancement des activités du parc Lansdowne est remis chaque année au Conseil.

En 2015, le parc Lansdowne a reçu environ 2,5 millions de visiteurs. Les visiteurs ont utilisé en grand nombre les services d'OC Transpo. Plus de mille emplois ont été créés dans le secteur et ils sont un moteur d'activité économique. De plus, les locaux des commerces de détail du parc Lansdowne sont loués à 97 p. cent.

OSEG exploite le stade, l'aréna et le garage de stationnement et est responsable des espaces publics dans le secteur des commerces de détail et le secteur résidentiel de Lansdowne.

Une entente d'entretien des autres parties du parc a été conclue avec OSEG en juillet 2014 afin de tirer parti des économies d'échelle et d'assurer l'uniformité des normes d'entretien dans l'ensemble du site.

Programmes d'activités du Service des parcs, des loisirs et de la culture

Le Service des parcs, des loisirs et de la culture de la Ville d'Ottawa est responsable du programme d'activités qui se déroulent à l'Édifice de l'horticulture, au pavillon Aberdeen, au square Aberdeen et dans le parc urbain, lequel comprend la grande pelouse, la patinoire extérieure, les structures de jeux pour enfants, le jardin communautaire, les places extérieures et l'œuvre d'art public transformable appelée Surfaces en mouvement.

Les activités du parc urbain sont planifiées par le Service des parcs, des loisirs et de la culture de la Ville et la coordination du programme d'activités de Lansdowne se fait

dans le cadre d'un dialogue continu entre OSEG et le personnel de la Ville. Les activités visent à projeter l'image d'un lieu de rencontre de calibre international accessible à tous.

Le parc urbain de Lansdowne est rapidement devenu un lieu de rassemblement populaire et un carrefour d'activités pour des personnes de tous les âges. Depuis le dernier rapport au Conseil de l'automne 2015, le pavillon Aberdeen a été loué à 24 occasions et l'Édifice de l'horticulture, à 98 occasions. Prises ensemble, ces activités ont attiré plus de 323 000 personnes. Il s'agit de trois fois plus de locations de salle pour la même période au cours de la première année d'activités. Beaucoup de locations ont suscité de l'intérêt à l'échelle de la ville, comme le Brier Patch, le marché d'hiver des producteurs fermiers d'Ottawa, le marché de Noël, le Festival canadien de la tulipe et l'activité pour amasser des fonds pour Fort McMurray.

Le programme d'activités de Lansdowne continue d'être un mélange de loisirs communautaires et d'expériences culturelles. Les recettes provenant des activités et de la location de salles sont conformes aux prévisions budgétaires. De nombreux organismes ont confirmé que Lansdowne était l'endroit qu'ils privilégiaient pour la tenue d'activités en 2017.

BACKGROUND

As approved by Council on June 28, 2010 and October 10, 2012 the LPP is comprised of a master limited partnership, incorporated under the laws of the Province of Manitoba, in order to limit the legal liability of the City and the Ottawa Sports and Entertainment Group.

The LPP also includes limited partnerships for each of the LPP components being: (1) the stadium component; (2) the retail component; (3) the CFL team; and, (4) the Ottawa 67's hockey team. The City is a party to a unanimous shareholder agreement for the master limited partnership as well as for each of the four component limited partnerships noted above for the purpose of enforcing the provisions of each agreement. All of these agreements were on file with the City Clerk and Solicitor at the time that Council approved the final LPP Legal Agreements and the legal close of the LPP on October 10, 2012.

As directed by Council and in keeping with the practice of annual reporting on Public-Private Partnerships, a status report on the operations of Lansdowne is to be provided to Council annually.

DISCUSSION

The purpose of this report is to fulfil the reporting requirements under the LPP Project Agreements and as directed by Council which include a summary of the exercise of delegated authority from Q4 2015 to date by the City Manager, City Clerk and Solicitor and City Treasurer; report on the June 22, 2016 Lansdowne Master Limited Partnership meeting and the June 22, 2016 Meetings Amongst Parties to Unanimous Shareholder Agreements; and, an update on the operations of the Lansdowne Partnership Plan over the past year.

The report and its recommendations have been structured into three sections listed below:

Section 1: Delegation of Authority Summary

Section 2: Report on the June 22, 2016 Lansdowne Master Limited Partnership meeting and the June 22, 2016 Meetings Amongst Parties to Unanimous Shareholder Agreements

Section 3: Update on the operations of the Lansdowne Public-Private Partnership

Section 1: Delegation of Authority Summary

On June 12, 2013, Council approved the Lansdowne Partnership Plan – Delegation of Authority for Administering Finalized and Executed Lansdowne Partnership Plan Legal Agreements report (ACS2013-CMR-LEG-0005). In doing so, Council delegated authority to the City Manager, the City Clerk and Solicitor and the City Treasurer to provide certain approvals on behalf of the City required under the LPP Agreements, but only within the established financial and legal parameters already set forth in those Agreements.

Since December 9, 2015, when City staff last reported on the exercise of the delegated authority through the Lansdowne Partnership Plan – Report on Exercise of Delegated Authority and Proposed Amendment to Existing Authority for the Operations Phase (ACS-CMR-LEG-0005), delegated authority has been exercised a total of four times.

Four Transportation Management Agreements (TMAs) have been executed on behalf of the City with various subtenants under the Retail Lease and Lansdowne Retail Limited Partnership, the owner/sublandlord under the Retail Lease.

Transportation Management Agreements

The Transportation Management Agreements (TMA) compel each subtenant to be a member of the Transportation Management Association for the Lansdowne site and to promote and support sustainable modes of transportation by its employees, such as participation in on-going transit pass programs, bike and car sharing programs and car pooling programs.

The TMA is a ‘derivative-type agreement’ arising from both the approved LPP Site Plan Agreement as well as the Retail Lease with the Lansdowne Retail Limited Partnership. The City Manager’s delegated authority to sign the TMA is based on the October 10, 2012 Council approval of the Final LPP Legal Agreements.

In each case, prior to the signing of a TMA by the City Manager, a review of the request was first undertaken by the Deputy City Solicitor, Corporate, Development and Environmental Law, in the City Clerk and Solicitor Department. A written legal opinion was also provided confirming that the TMA was within the legal and financial parameters of the finalized and executed LPP Legal Agreements. In addition, the Agreement was stamped and initialed as approved by Legal Services for execution by the City Manager. Only after the review and acceptance of each opinion by the City Manager, was the TMA signed by the City Manager on behalf of the City.

The identity of the four subtenants under each of the TMAs with the City and the Lansdowne Retail Limited Partnership are as follows: (1) Struc-Tube Ltée.; (2) AMTI –

Angie's Models & Talent Inc.; (3) Pinnacle Centres of Healthcare Excellence Academy of Medicine Ottawa; and, (4) Quesada Restaurant Leasing Corp.

Section 2: Report on the June 22, 2016 Lansdowne Master Limited Partnership meeting and the June 22, 2016 Meetings Amongst Parties to Unanimous Shareholder Agreements

Master Limited Partnership

As approved by Council on June 28, 2010 and October 10, 2012, the LPP is comprised of a master limited partnership and four component limited partnerships, incorporated under the laws of the Province of Manitoba, in order to limit the legal liability of the City and the Ottawa Sports and Entertainment Group.

A Master Limited Partnership Agreement was entered into on October 12, 2012 and provides that the fiscal year is the calendar year. It also provides that the General Partner must provide audited financial statements for each fiscal year and an unaudited income statement and balance sheet at the end of each fiscal quarter.

Finally, an annual unit holders meeting is to be held following the end of each Fiscal Year at which meeting budgets and strategies will be reviewed.

Consistent with Council's role in relation to other entities in which the City has a legal interest (e.g. Hydro Ottawa, Ottawa Community Housing Corporation, etc.), Council's role in relation to the Master and Component Limited Partnerships is defined by legislation (i.e. *The Partnerships Act* (Manitoba) and the *Business Corporations Act* (Ontario)) and the pertinent LPP Legal Agreements (i.e. the Master Limited Partnership Agreement, etc.).

Council, as represented by the City Manager under previously approved delegated authority referenced in this report, has a limited scope in terms of what they can and cannot direct the Master Limited Partnership and Component Limited Partnerships to do. For example, Council cannot direct day-to-day business operations. Conversely,

Council has a number of things it must do such as attend Annual Meetings, as represented by the City Manager, and approve annual financial statements and the appointment of the auditors of the Master Limited Partnership. These latter two actions are considered to be Major Decisions under the Unanimous Shareholder's Agreement.

Lastly, in order to avoid either of the Limited Partners (i.e. the City and OSEG) being liable for obligations of the Master Limited Partnership, most decisions are to be made by the general partner.

The shareholder of the general partner is OSEG and the directors and officers are nominees of OSEG. Although the City is not a shareholder of the general partner, nevertheless, as permitted pursuant to the *Business Corporations Act* (Ontario), the City is a party to the Unanimous Shareholder's Agreement, and matters of significance (defined as "Major Decisions") require the approval of both OSEG and the City. Matters constituting Major Decisions are enumerated in a schedule to the Unanimous Shareholder's Agreement and are set out in Document 1 of that Agreement.

Component Limited Partnerships

The LPP also includes limited partnerships for each of the LPP components being: (1) the stadium component; (2) the retail component; (3) the CFL team; and, (4) the Ottawa 67's hockey team. The master limited partnership is the umbrella under which each of the component limited partnerships is figuratively and legally sheltered.

Voting

The City and OSEG, as equal limited partners, have equal voting rights. For example, they would approve (or raise issues) with financial statements presented to the Limited Partners by the general partner, but would not take part in preparing budgets or providing input into the initial preparation of financial statements. This is intended to limit their legal liability. Further, it should be noted that the LPP is governed by approximately fifty Legal Agreements and the City's interests are also protected in them.

Council provided the delegated authority to the City Manager, the City Clerk and Solicitor and the City Treasurer with the right to vote on behalf of the City at meetings of the Limited Partners of the MLP and to provide approvals on behalf of the City with respect to Major Decisions required to be made pursuant to the Unanimous Shareholder Agreement of the Master Limited Partnership and each of the Component Limited Partnerships.

The City Clerk and Solicitor and City Treasurer attend or, are on-call for, the meetings of the Limited Partners of the Master Limited Partnership and Component Limited Partnerships as ex-officio members. While the City Manager votes on behalf of the City, such votes need to be made with the agreement of both the City Clerk and Solicitor and City Treasurer. In those instances where agreement between the City representatives cannot be reached, a report would be brought to Council for consideration prior to the City exercising its vote. To date, there have been no disagreements among the City representatives.

Annual Meetings of Parties to the Lansdowne Master Limited Partnership and the LPP Unanimous Shareholder Agreements

On June 22, 2016 the meetings amongst the parties to the LPP Master Limited Partnership and the LPP Unanimous Shareholder Agreements took place at City Hall in the City Manager's Boardroom.

The City was represented in each of the two meetings by the City Manager and the City Clerk and Solicitor (through his delegate, the Deputy City Solicitor, Corporate, Development and Environmental Law) and the City Treasurer. The Ottawa Sports and Entertainment Group (OSEG) was represented in each of the two meetings by Roger Greenberg, Partner.

The general partner of the Lansdowne Master Limited and the general partners of each of the four Component Limited Partnerships were represented in each of the two

meetings by Bernie Ashe, Chief Executive Officer of Component GP and Mark Goudie, Chief Financial Officer and Chief Operating Officer of the Component GP.

Other parties in attendance for the City were Steve Box, Director, Corporate Programs and Business Services, Dan Chenier, General Manager, Parks, Recreation and Cultural Services, Carey Thomson, Deputy City Solicitor, Corporate Development and Environmental Law and Jennifer Hesketh, Law Clerk, Corporate Development and Environmental Law. Stephanie Spruston, General Counsel, also attended for OSEG.

Prior to each of the two meetings, Agendas had been prepared and circulated to the parties in preparation for the respective meetings.

The annual meeting of the parties to the Lansdowne Master Limited Partnership, and focused on the financial performance results for the period ending December 31, 2015. The meeting also included a presentation of the 2016 Operating Budget, a presentation of a revised Pro-forma for the 30-year closed financial system (waterfall, under the LPP), and highlighted significant matters and other business.

The second meeting, being the Annual Meetings of Parties to LPP Unanimous Shareholder Agreements, commenced immediately after the adjournment of the first meeting described above and consisted of a series of “sub-meetings” related to each of the Component Limited Partnerships, namely: (1) the stadium component; (2) the retail component; (3) the CFL team; and, (4) the Ottawa 67’s hockey team, and included the parties to the Unanimous Shareholder Agreement for each Component General Partnership.

A total of twelve Major Decisions were made by the City and OSEG at the two meetings in relation to the adoption and approval of the audited financial statements for the Lansdowne Master Limited Partnership for the period ending December 31, 2015, the adoption and approval of the financial statements for the four component limited partnerships, the deletion of the requirement for the financial statements for them to be audited and the appointment of KPMG as the auditor for the Lansdowne Master Limited Partnership. Each component limited partnership is still required to deliver such financial

information as is required for the Master Limited Partnership to deliver audited consolidated financial statements to the City and OSEG (i.e. the Unit Holders).

Two Major Decisions were made approving “non-arms’ length” transactions involving the Lansdowne Master Limited Partnership (but with no payments required by the City) related to financing fees for the \$23.6M loan to resolve the OSEG/City Structural Steel dispute and “surplus assets sponsorship agreements” related to the construction financing for the Retail development at the Lansdowne site (again, with no payments required by the City).

As highlighted in the Lansdowne Partnership Plan – Delegation of Authority for Administering Finalized and Executed Lansdowne Partnership Plan Legal Agreements report (ACS2013-CMR-LEG-0005) the City has formally agreed that it, “*shall act reasonably*” in responding to requests for consent to a non-arm’s length contract under paragraph (g) under Schedule 3.10 Major Decisions of the finalized and executed Unanimous Shareholder Agreements for each of the four component limited partnerships dated October 12, 2012 between OSEG, the respective General Partner for the applicable component limited partnership and the City. OSEG is the sole shareholder of the respective General Partner and the City is a party to this last referenced Agreement “...*for the purpose of enforcing the provisions*” for oversight in the City’s favour and to participate in Major Decisions (e.g. the appointment or change of the Auditor of the Master Limited Partnership).

For the above two Major Decisions, prior to concurrence being given, a review of the request was first undertaken by the Deputy City Solicitor, Corporate, Development and Environmental Law, in the City Clerk and Solicitor Department.

Upon review by the Deputy City Solicitor he formed the opinion that each request was found to be within the existing legal and financial parameters of the finalized and executed LPP Legal Agreements. A written legal opinion outlining the authority to give the concurrence was sent to the City Manager, City Clerk and Solicitor and the City Treasurer prior to the Annual Meetings.

Section 3: Update on the operations of the Lansdowne Public-Private Partnership

The programming plan for Lansdowne is coordinated through an ongoing dialogue between OSEG and City staff and is developed to support the vision of an accessible, world-class meeting place. OSEG operates the stadium, arena and parking garage and is also responsible for the public realm throughout the retail and residential portions of the site. To ensure consistency of standards and economies of scale, the City continues to benefit from the maintenance agreement with OSEG for the Urban Park portion of the site.

OSEG Update Overview

There have been many success stories at TD Place and Lansdowne in the year 2015. There were approximately 2.5 million people who visited the site in 2015. Transportation Demand Management initiatives have been successful, and many visitors have embraced OC Transpo. Additionally, over 1,000 jobs have been created and are driving economic activity.

Ottawa's sports teams, the REDBLACKS, Fury FC and Ottawa 67's, all exceeded expectations on the field and ice and made it to the playoffs. Last summer, OSEG hosted Ottawa's biggest outdoor stadium show since 1995 when 30,000 people packed TD Place to experience AC/DC. And in the arena, performers like Serena Ryder, Alabama Shakes, and Def Leppard drew fans of all ages to Lansdowne. OSEG also hosted "Cracking Up the Capital," a comedy festival that raised funds for mental health awareness and CUPE's free "Ottawa Rocks" concert for public servants.

The world was watching last summer when TD Place hosted the FIFA Women's World Cup. Nine matches were played in two and a half weeks attracting almost 200,000 visitors. Over 7 million fans in Europe and another 5-million in the USA tuned-in to watch those matches and put Ottawa on their radar as a possible vacation destination. Canada Soccer reported that the event had a \$29M economic impact on our region.

In 2015, OSEG hosted high school football, the Panda Game between Carleton and U Ottawa, NCAFA football, club soccer, minor hockey and offered free public skating on School Board Professional Development days.

OSEG encouraged minor hockey and soccer players to come for free to the 67's and Fury games by joining the 67's Prospects or the Fury Fanatics. Both of these programs were designed to help develop long-term fans for the teams and fuel long-term growth for Lansdowne.

OSEG's collaboration with City event planners for Lansdowne increased throughout 2015. In year two, OSEG and the City increased collaboration on event date planning, start/stop times and communication to ensure that visitors to the site had the best possible experience during their visit.

Operating Results

Revenue increased 72 per cent over 2014 to \$43M. This included an increase of \$4.7M in TD Place (Venue) and \$11.5M in Retail.

The Operating Loss of \$.985M was a significant improvement from the \$11M operating loss in 2014. This includes improvement in TD Place of \$2.5M and improvement in Retail of \$5M.

After non-cash items and interest, the Net Loss of \$12.6M was a \$3.6M improvement over 2014.

OSEG Financial Outlook

A near term view of the Partnership will see normalized operations in 2017/2018. At that time, gross annual revenue will be approximately \$50M. Net Retail rents will be at \$11M compared to \$5M in 2015. Normalized event levels at TD Place will be between 100 to 110 events per year.

The long term view on waterfall distributions has improved since the update provided in 2015. While the 2015/2016 results will be lower than last year's pro-forma estimates, there are increases in revenue growth under committed contracts that will offset this.

Total distributions over the 30-year partnership are now estimated to be \$457M compared to last year's estimate of \$424M. The City will receive distributions of \$32M, compared to last year's estimate of zero. The reason for this increase is the agreement

last year by the City to guarantee a \$24M loan to OSEG to settle the dispute over costs to remediate the stadium and the Ottawa Civic Centre. This loan will significantly reduce interest costs in the Partnership.

There are additional benefits to the City over the long term. There will be annual contributions to the capital replacement fund totalling \$64M which will ensure that the stadium and arena is maintained. In addition, The City will benefit from its' 50 per cent interest in the Retail Partnership. The retail development had an appraised value of \$187M and is recorded on the balance sheet at a construction cost of \$131M.

Retail

Lansdowne's retail district is now 97 per cent leased. With the recent opening of Craft Beer Market, all major retail tenants are in place.

The retail district has also undergone some significant upgrades in way finding and safety during 2015 through into 2016. Directional signage in the underground parking garage has been improved. New directional signs have been added on the deck and vehicle road closures on event days have been expanded for the increased pedestrian traffic on the site. The vehicle and pedestrian mix is working well and OSEG is continuously monitoring activity for safety of all visitors.

Residential

The Vibe condominium tower on the North West corner of the site was fully occupied in 2015. The Rideau condominium tower, which overlooks the canal and the stadium field, started welcoming residents last fall. Of the combined 232 condominiums in the towers, less than half a dozen are unsold. All 48 of the townhomes along Holmwood Avenue are now sold and occupied.

Office Tower

The office tower is an important part of the site density and day time activity. One floor is now occupied. A second floor is committed under lease. The remaining three floors are actively being marketed and now that the site is vibrant, interest levels have picked

up. The small two story building between the office tower and the Rideau condominium tower is now committed under lease.

Community Consultation

Consultation and communication with neighborhood community groups and business organizations are key priorities for the City and OSEG. Ward Councillor, David Chernushenko, has taken the leadership of hosting regular meetings to discuss all local concerns and opportunities. The Glebe Community Association, the Old Ottawa South and Old Ottawa East Community Associations and OSEG are present at those meetings. OSEG has also established a working relationship with the Glebe BIA.

OSEG has also gained insight into the effectiveness of transportation management programs on nearby neighborhoods by participating in Lansdowne Transportation Monitoring Operations Committee meetings with community stakeholders.

Job Creation

There have been over 1,000 Full-time equivalent (FTE) jobs created on the Lansdowne site. Within OSEG, there are 375 FTE jobs, and in the retail area and on the rest of the site there are 711 FTE jobs.

Transportation

Successful transportation management in the Lansdowne area continued from 2014 into 2015. During REDBLACKS games, OSEG met targets for OC Transpo ridership and strengthened its partnership with the City, NCC, OC Transpo, STO and community groups. Shuttle bus volumes decreased; primarily because people utilized OC Transpo services or found alternative methods to get to games. Fans embraced the convenience of the transportation model. For all other events at Lansdowne, the transit targets have been exceeded, as reported to the Transportation Committee in April of 2016.

Once the new pedestrian and cycling bridge over the Rideau Canal at Fifth Avenue is complete, solid increases in alternative modes of transportation are expected, along with decreased on-street parking in the Glebe and Old Ottawa South. Hundreds of fans are expected to travel to Lansdowne by boat this season and in the future with the new

solar powered, 100-person Ottawa Boat Cruise ships operating on the Canal this summer.

Parks, Recreation and Cultural Services Programming Update

The Parks, Recreation and Cultural Services programming at Lansdowne focuses on key Urban Park components: the Aberdeen Pavilion, the Horticulture Building, Aberdeen Square, the Great Lawn and outdoor plaza spaces and outdoor rink.

Urban Park Programming

The Urban Park at Lansdowne officially opened August 2014. The programming for this portion of the site is designed to be complementary and supportive of a large variety of activities which occur during all seasons, both indoor and outdoor, for a wide range of individuals, community groups, and private agencies. To that end, staff continue, during this second year of operations, to ensure collaboration and input is received from local community associations, site partners, Glebe BIA and other City facilities in the area.

Through programming and event rentals, the facilities and spaces within the Urban Park are quickly becoming popular gathering places and a hub for all ages and interests. Since the last report to Council in the fall of 2015, the Aberdeen Pavilion has hosted 24 rentals while the Horticulture building hosted 98 rentals. Together the events had an estimated attendance in excess of 323,000. This is more than triple the number of rentals within the same time frame during the first year of operations. Many rentals have garnered city-wide interest, such as the Brier Patch, the Ottawa Farmers' Market Winter and Christmas Market, the Scottish Society of Ottawa's Hogmanay New Year's Eve, the Beau's St-Patrick's Day Party, the Canadian Tulip Festival and the Fort Mac Fundraiser event.

The site was a major host venue for 2016 Winterlude programs and events, made possible in part due to a Celebrate Ontario grant. Attractions and events such as the Snowscapes competition, snow carving workshops, laser shows and the *Lansdowne through the Years Exhibit* welcomed more than 5,500 visitors to the park each week during Winterlude. Staff are looking at other funding options and sponsorship

opportunities for Winterlude 2017. The refrigerated rink, sliding hill and winter market are expected to draw many participants again.

Programming at the park continues to be a blend of community recreation and cultural experiences. City staff facilitated many free drop-in events as well as registered programs which offered a variety of activities for families such as: full moon yoga, Workshop Wednesday (themed arts and craft activities), learn to curl, children and adult instructional programs. Although still in the developmental stage, programming and rental revenues are in line with budget expectations. Outdoor spaces have also proven to be popular with users contributing to making Lansdowne Urban Park a destination of choice. In 2015, the South Court was the site of the first Asian Night Market in Ottawa. It drew more than 10,000 people per day for its unique blend of food, wares and entertainment. This year, the Asian Night Market expanded to the Great Lawn to accommodate more vendors and participants. Additional buses were available for participants this year because the Market participated in the OC Transpo's Transportation Demand Management plan.

The Outdoor refrigerated rink, which operated from November 2015 to March 2016, was open for more 100 days and welcomed over 11,000 skaters during staffed times. During the off season, it has become a popular area for pickup basketball, skateboarding and rollerblading.

Aberdeen Square was planned and designed for use as an outdoor market. The Ottawa Farmer's Market celebrated their first years of operation and the lease agreement was renegotiated in the spring of 2016 for a five-year term. The Outdoor Market started May 1, 2016 and will continue each Sunday. As part of the new agreement, the Market has the opportunity to accommodate more vendors during peak season by expanding into the Aberdeen Pavilion (when available). During off season, the Christmas Market was a huge success with more than 7,000 shoppers. The Sunday Winter Market averages 1,000 market goers per Sunday.

The Lansdowne site has been the recipient of some improvements to ensure continued delivery of an exceptional experience. The Water Plaza "Uplift" is undergoing minor safety modifications this summer to mitigate risk associated with its popularity with the

younger children looking to cool off. It was also recognized that the jewel of Lansdowne, Aberdeen Pavilion, would need some additional capital through the lifecycle program in preparation for the 2017 activities anticipated to be held within the building. To that end, lifecycle work, including upgrading of washrooms, has been scheduled between current rentals to be completed by year-end.

Horticultural Building

A tenant for the 1,150 sq. ft. retail space within the Horticultural Building has been found. The tenant is currently renovating the space and the Bocatto Café is expected to open in August of this year. The remaining 900 sq. ft. continues to be marketed for lease by the Real Estate Partnership and Development Office.

Upcoming Events

Staff is busy planning for a successful year in 2017. To date, thirty-six embassies have registered for *Ottawa Welcomes the World*, and more are expected to register to participate before the year's end. Additionally, a number of other organisations have confirmed the use of Lansdowne as their preferred location for their events next year. Lansdowne will host some large scale events such as: the Skate Canada 2017 Championships, the Ottawa Grand Prix Criterium Bicycle Race and a Stanley Cup Commemoration. Staff has also received requests to book weddings into 2019.

RURAL IMPLICATIONS

The Ottawa Farmers' Market is currently operating at Lansdowne under a Licence of Occupation.

CONSULTATION

Ongoing consultation meetings with community and site stakeholders continue to be held regularly with the working committee established by Councillor Chernushenko as well as monthly meetings with City staff, OSEG and Ottawa Farmers' Market.

COMMENTS BY THE WARD COUNCILLOR(S)

Capital Ward 17 – Councillor Chernushenko has been briefed on the content of this report.

LEGAL IMPLICATIONS

There are no legal impediments to the receipt of the report for information. Staff are required to report out on the exercise of delegated authority under the Lansdowne Partnership Plan.

RISK MANAGEMENT IMPLICATIONS

There are risk implications which have been identified and are being managed as outlined in this report.

ASSET MANAGEMENT IMPLICATIONS

There are no Asset Management implications associated with this information report.

FINANCIAL IMPLICATIONS

At the Lansdowne Limited Partnership meeting held on June 22, 2016, the General Partner presented the Financial Statements for the year ended December 31, 2015. The financial statements were approved and received by the City and are on file with the City Clerk's Office.

The Lansdowne Partnership Plan (LPP) is based on a “closed financial system” that captures capital costs and contributions which have been agreed upon by the City and OSEG, and cash-flows from operations to provide the basis for future distributions to the both partners. Under this closed system, OSEG is responsible for any deficits that may accrue from operations. The subsequent distribution of any additional net cash-flows is based on a waterfall distribution structure, as follows: contribution to the lifecycle fund, then provides for the City and OSEG to realize a return on equity of eight per cent (non-compounded), then a return on OSEG's additional equity, then a return on equity to the City and OSEG, then for the City, a return on deemed equity contributed, and finally, for a fifty-fifty sharing of any residual net cash-flow between the City and OSEG.

In the December 1, 2015, the Lansdowne Partnership Plan Annual Report (Ref N°: ACS2015-CMR-OCM-0015) provided a financial update to the 30-year projections (pro forma). The pro forma was updated at that time to reflect the most current financial assumptions and their impact on the expected returns to the City and OSEG, covering the period from 2012 to 2044.

At the June 22, 2016 unit holder meeting the General Partner presented a revised pro forma, which reflected results to date and updated assumptions based on experience and known or expected future transactions.

The 2016 revised pro forma shows an increase of \$32.7M in waterfall distributions over the 30-year projection compared to what was projected in the 2015 pro forma.

The following table provides a summary of the waterfall distributions to OSEG and to the City over the 30-year period, in nominal dollars:

Table 1: Comparison of 30-year Waterfall Distributions (in Nominal \$)

(in millions \$)	2015 Projection	2016 Revised Projection	Change (\$)
Waterfall Summary			
L1 - Additions to Lifecycle Fund	64.2	64.2	-
L2 - OSEG - Return on Equity	259.6	237.8	(21.8)
L2 - City of Ottawa - Return on Funding Equity*	-	-	-
L3 - OSEG Return of Additional Equity	63.5	75.3	11.8
L4 - OSEG - Return of Equity	36.8	47.0	10.2
L4 - City of Ottawa - Return of Equity*	-	-	-
L5 - City of Ottawa - Return on Deemed Equity	-	32.5	32.5
L6 - OSEG - Residual Share	-	-	-

L6 - City of Ottawa - Residual Share	-	-	-
Total	424.1	456.8	32.7

* City funding equity is nil.

ACCESSIBILITY IMPACTS

There are no accessibility implications associated with this information report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this information report.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this information report.

TERM OF COUNCIL PRIORITIES

The Lansdowne Partnership Plan and revitalization initiative relates to the following Strategic priorities of Council:

Economic Prosperity

Objective: Promote Ottawa - Revitalized Lansdowne provides an Ottawa venue for hosting major sporting and cultural events.

Transportation and Mobility

Objective: Provide and promote infrastructure to support safe mobility choices - A key element of the Lansdowne revitalization was the development and implementation of a comprehensive and aggressive TDM program to encourage and promote use of sustainable transportation for day-to-day activities and for events.

Sustainable Environmental Services

Objective: Reduce long-term costs through planned investment and staging of diversion

and conservation strategies - The Lansdowne revitalization significantly improved the manner in which stormwater flows into the City system, decreased storm run-off, improved the quality of storm flow to the Rideau Canal and provides for use of stormwater for site irrigation.

Healthy and Caring Community

Objective: revitalize recreation services - The revitalization has established Lansdowne as a significant urban place that is grounded in the site's history. It provides improved opportunities for sporting and cultural endeavours through a re-purposed stadium and a significant Urban Park to accommodate events and for day-to-day community use.

SUPPORTING DOCUMENTATION *(previously distributed, and held on file with the City Clerk)*

Document 1: Minutes from the June 22, 2016 Lansdowne Master Partnership Meeting and the June 22, 2016 Meetings Amongst Parties to the Unanimous Shareholder Agreements.

DISPOSITION

Staff will implement any directions related to Council receiving this report.

Staff will report out on the Lansdowne Partnership on an annual basis in accordance with established reporting requirements.