

- 1. LANSDOWNE PARTNERSHIP PLAN ANNUAL REPORT
RAPPORT ANNUEL SUR LE PLAN DE PARTENARIAT DU PARC
LANSDOWNE**

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 Q3 2016 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 5, 2017 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 2016-Procurement Year in Review report (ASC2017-CSD-CPO-0001).**

RECOMMANDATIONS DU COMITÉ

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

- 1. Le rapport du directeur municipal sur les pouvoirs délégués qui ont été exercés du troisième trimestre 2016 jusqu'à maintenant par le directeur municipal, le greffier municipal et avocat général et la trésorière municipale en vertu des accords juridiques conclus et signés relatifs au Plan de partenariat de Lansdowne;**
- 2. Le rapport du directeur municipal sur les réunions du 5 juin 2017 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 le présent rapport sur les activités du partenariat public-privé Lansdowne, comme indiqué à la page 14 du rapport d'examen des achats de 2016 (ASC2017-CSD-CPO-0001).**

DOCUMENTATION/DOCUMENTATION

1. City Manager's report, dated 27 June 2017 (ACS2017-CMR-OCM-0001)
Rapport du Directeur municipal, daté le 27 juin 2017 (ACS2017-CMR-OCM-0001)
2. Extract of draft Minutes, Finance and Economic Development Committee, 4 July 2017
Extrait de l'ébauche du procès-verbal, Comité des finance et du développement économique, le 4 juillet 2017

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
4 July 2017 / 4 juillet 2017**

**and Council
et au Conseil
12 July 2017 / 12 juillet 2017**

**Submitted on June 27, 2017
Soumis le 27 juin 2017**

**Submitted by
Soumis par:
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2017-CMR-OCM-0001

SUBJECT: Lansdowne Partnership Plan Annual Report

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

REPORT RECOMMENDATIONS

That Finance and Economic Development Committee recommend 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 Q3 2016 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 5, 2017 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 2016-Procurement Year in Review report (ASC2017-CSD-CPO-0001).**

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. Le rapport du directeur municipal sur les pouvoirs délégués qui ont été exercés du troisième trimestre 2016 jusqu'à maintenant par le directeur municipal, le greffier municipal et avocat général et la trésorière municipale en vertu des accords juridiques conclus et signés relatifs au Plan de partenariat de Lansdowne;**
- 2. Le rapport du directeur municipal sur les réunions du 5 juin 2017 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 le présent rapport sur les activités du partenariat public-privé Lansdowne, comme indiqué à la page 14 du rapport d'examen des achats de 2016 (ASC2017-CSD-CPO-0001).**

EXECUTIVE SUMMARY

This report fulfills the reporting requirements under the Lansdowne Partnership Plan 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 Q3 2016 to date by the City Manager, City Clerk and Solicitor and City Treasurer.

The report also provides an update on the June 5, 2017 Lansdowne Master Limited Partnership meeting and the June 5, 2017 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 July, 2016, when City staff last reported on the exercise of the delegated authority through the *Lansdowne Partnership Plan Annual Report* (ACS2016-CMR-OCM-0024), delegated authority has been exercised in one instance. An agreement was entered into with respect to the Grey Cup Festival Structure. The City approved the subscription by REDBLACKS GP, on behalf of Ottawa REDBLACKS Limited Partnership, to 100% of the shares of the 105th Grey Cup Festival for the purposes of managing the 105th Grey Cup Festival.

Section 2: Report on the June 5, 2017 Lansdowne Master Limited Partnership meeting and the June 5, 2017 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.

The 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 prepare 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 5, 2017 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, the City Clerk and Solicitor 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 Partnership 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, 2016. The meeting also included a presentation of the 2017 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 six 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, 2016, the adoption and approval of the financial statements for the four

component limited partnerships and the re-appointment of KPMG as the auditor for the Lansdowne Master Limited Partnership.

At the Lansdowne Limited Partnership meeting held on June 5, 2017, the General Partner presented the Financial Statements for the year ended December 31, 2016. The financial statements were approved and received by the City and are on file with the City Clerk's Office.

At the June 5, 2017 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 2017 updated pro forma shows an increase of \$1M to \$33M in waterfall distributions over the 30-year projection, primarily resulting from a shift and increase in revenue projections compared to what was projected in the 2016 pro forma.

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

One of the purposes of this report is to fulfil Council-directed reporting to provide an annual update on the operations of the Lansdowne Public-Private Partnership. This report covers the year 2016 and in the case of Recreation, Cultural and Facility Services, it will provide updated programming information for the period from June 2016 until the end of May 2017.

OSEG Update Overview

The original objective of the partnership between the City and OSEG was to revitalize Lansdowne Park. Given the level of activity at Lansdowne and TD Place in the first three years of operation it is safe confidently say that the excitement has returned to Ottawa's traditional central gathering place. Anyone who attended the Grey Cup parade on Bank Street or in front of the Aberdeen Pavilion last November can attest to that.

Lansdowne has become a go to destination and not just on event nights. The number of people that visited Lansdowne in 2016 increased 41 per cent over 2015 to 3.4 million. The Transportation Demand Management (TDM) initiatives maintained their success levels and visitors continue to embrace the use of OC Transpo to get to TD Place and Lansdowne. There are over 1,000 full time job equivalents (FTEs) on site and together, the Lansdowne Partnership is driving economic activity in the Region.

OSEG's teams, the Ottawa REDBLACKS, Ottawa Fury FC and Ottawa 67's, all experienced increases in attendance levels – the REDBLACKS sold-out every home game and won the 2016 Grey Cup. The REDBLACKS don't just have a fan base; they have RNation a significant fan base that are loud and proud. Ottawa fans add to the player experience and that helps the REDBLACKS maintain its high performance roster. Players want to locate to, and play here in Ottawa.

OSEG hosted events that gained national attention for Ottawa. These events included an Olympic Women's Soccer preview match between Canada and Brazil that drew 23,000 fans. In the arena at TD Place, the Tim Horton's Brier drew over 115,000 visitors over the course of the week of competition and produced an economic impact of approximately \$16 Million. The Panda Game between U-Ottawa and Carleton University also attracted 23,000 attendees.

Additionally, OSEG hosted events that garnered international TV audiences such as Ottawa's first Ultimate Fighting Championship (UFC) Fight Night, an event which drew over 10,000 fans. In 2016 OSEG also tried direct concert promotion by staging the "I Love the 90's" concert, which drew over 5,000 to the arena.

In 2016, TD Stadium opened its doors to the playing field and the arena for amateur athletes and their families. TD Stadium hosted high school football, National Capital Football Association (NCAFA) football, club soccer and minor hockey and also continuing to offer free public skating on local School Board Professional Development (PD) days, in addition to any other feasible days.

OSEG continued its practice of offering free admission to young hockey and soccer players to attend Ottawa 67's and Ottawa Fury FC home games. These programs – the 67's Prospects and Fury Fanatics – are helping to develop long-term fans for the teams and fuel long-term growth for Lansdowne.

OSEG's collaboration with Recreation, Culture and Facility Services ensured that Lansdowne's public spaces and historic buildings were well used in 2016. The Hogmanay New Year's Event in the Aberdeen Pavilion was extremely successful with 8,000 visitors. Over 10,000 visited the Canadian Tulip Festival displays. CityFolk drew 20,000 fans over three nights of performances. Additionally, the Ottawa Farmers' Market has continued to experience steady growth.

Operating Results

OSEG's operating results reflect improvement but are not yet at the level of site activity or profitability that had originally been established.

Revenue increased 17 per cent or \$7.1 Million over 2015 to \$50.0 Million. The largest increase, of \$5.4 Million, was in the Shops at Lansdowne where more tenants were paying rents for the full year.

Operating Income was \$2.7 Million which compares favourably to last year's operating loss of \$985,000. This represents a significant improvement over the \$11 Million operating loss in 2014.

After non-cash items and interest, the Net Loss of \$14.4 Million is unfavourable when compared to last year's Net Loss of \$12.6 Million. This is primarily due to recording a full year of interest cost on the Retail loan compared to the previous year. As well, winning the Grey Cup proved to be expensive.

OSEG Financial Outlook

OSEG's near term view is to continue to see an improvement in Operating Income of the Lansdowne Partnership due to an increase in the number of events and better execution resulting from efficiency and experience.

This year will be a particularly busy one due to the hosting of major events like the 2017 Grey Cup and the National Hockey League 2017 NHL Winter Classic.

The long term view on waterfall distributions is to see total distributions over the 30-year partnership increase to \$508 Million compared to last year's estimate of \$457 Million. The City's share is estimated to increase by \$1 Million to approximately \$33 Million. OSEG is forecasting to make additional Equity contributions of \$17 Million to fund net losses from 2016 to 2018 due to continued initial start up funding requirements. The City is not required to fund any of these losses.

It is important for the City and OSEG to remain mindful of the additional benefits to the City over the long term. The City continues to avoid the net annual operational costs incurred to operate the stadium and arena at Lansdowne Park. There will be annual contributions to the capital replacement fund totalling \$64 Million which ensures that the stadium and arena is maintained and lifecycle requirements are fully funded. In addition, the City benefits from its' 50 per cent interest in the Retail Partnership. The retail development had an appraised value that exceeds its cost by over \$50 Million.

Conclusion

As Ottawa celebrates Canada's sesquicentennial year, Lansdowne will be a destination for many visitors to our City. Ottawa has a lot to see and do and OSEG is proud that Lansdowne has so much to offer our visitors. The 2017 Grey Cup and Grey Cup Festival are estimated to bring over 200,000 visitors to Lansdowne and generate \$100 Million in economic activity for our City. RNation is looking forward to welcoming the nation to our City.

In closing, 2016 was a year of continued growth and success at Lansdowne and 2017 is positioned to be even better.

Recreation, Cultural and Facility Services Programming Overview

The Recreation, Cultural and Facility 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.

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.

The programming plan for Lansdowne is coordinated through an open dialogue between OSEG and City staff and is developed to support the vision of an accessible, world-class meeting place. Community recreation and cultural experiences at Lansdowne continue to offer a blend of programming.

Since the last report to Council in the summer of 2016, the Urban Park facilities and spaces have hosted 177 events, with an estimated attendance in excess of 620,000. Many of the rentals garnered city-wide interest, including the Ottawa Farmers' Market Winter and Christmas Markets, the Scottish Society of Ottawa's Hogmanay New Year's Eve Festival and the CityFolk Festival.

BACKGROUND

On October 10, 2012, City Council approved the legal close of the Lansdowne Partnership Plan ([ACS2012-PAI-INF-0010](#) and [ACS2012-CMR-LEG-0002](#)). This report satisfies the direction by Council and the reporting requirements under the Lansdowne Partnership Plan Project Agreements. This report also provides an update on the operations of the Lansdowne Partnership Plan (LPP).

As approved by Council on June 28, 2012 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.

DISCUSSION

The purpose of this report is to fulfill the reporting requirements under the LPP Project Agreements and as directed by Council, which include a summary of the exercise of delegated authority from Q3 2016 to date by the City Manager, City Clerk and Solicitor and City Treasurer; report on the June 5, 2017 Lansdowne Master Limited Partnership meeting and the June 5, 2017 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 set out into three sections, listed below:

Section 1: Delegation of Authority Summary

Section 2: Report on the June 5, 2017 Lansdowne Master Limited Partnership meeting and the June 5, 2017 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

Since July, 2016, when City staff last reported on the exercise of the delegated authority through the *Lansdowne Partnership Plan Annual Report* (ACS2016-CMR-OCM-0024), delegated authority has been exercised in one instance. An agreement was entered into with respect to the Grey Cup Festival Structure. The City approved the subscription by REDBLACKS GP, on behalf of Ottawa REDBLACKS Limited Partnership, to 100% of the shares of the 105th Grey Cup Festival for the purposes of managing the 105th Grey Cup Festival.

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The 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 prepare 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 5, 2017 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, the City Clerk and Solicitor 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 Partnership 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, 2016. The meeting also included a presentation of the 2017 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 six 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, 2016, the adoption and approval of the financial statements for the four component limited partnerships and the re-appointment of KPMG as the auditor for the Lansdowne Master Limited Partnership.

Financial

At the Lansdowne Limited Partnership meeting held on June 5, 2017, the General Partner presented the Financial Statements for the year ended December 31, 2016. The financial statements were approved and received by the City and are on file with the City Clerk's Office.

At the June 5, 2017 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 2017 updated pro forma shows an increase of \$1M to \$33M in waterfall distributions over the 30-year projection, primarily resulting from a shift and increase in revenue projections compared to what was projected in the 2016 pro forma.

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

City Staff and OSEG coordinate the programming plan for Lansdowne through an ongoing dialogue. The development of the programming plan supports the vision of an accessible, world-class meeting place. The stadium, arena and parking garage, as well as the public realm throughout the retail and residential portion of the site, continue to be operated by OSEG.

The Urban Park portion of the site is managed and programmed by the City to encourage year-round community use and to support partnership programming with OSEG, local community associations and businesses. The City continues to benefit from the maintenance agreement with OSEG for the Urban Park, which ensures consistency of standards and economies of scale.

OSEG Update Overview

The original objective of the partnership between the City and OSEG was to revitalize Lansdowne Park. Given the level of activity at Lansdowne and TD Place in the first three years of operation it is safe confidently say that the excitement has returned to Ottawa's traditional central gathering place. Anyone who attended the Grey Cup parade on Bank Street or in front of the Aberdeen Pavilion last November can attest to that.

Lansdowne has become a go to destination and not just on event nights. The number of people that visited Lansdowne in 2016 increased 41 per cent over 2015 to 3.4 million. The Transportation Demand Management (TDM) initiatives maintained their success

levels and visitors continue to embrace the use of OC Transpo to get to TD Place and Lansdowne. There are over 1,000 full time job equivalents (FTEs) on site and together, the Lansdowne Partnership is driving economic activity in the Region.

OSEG's teams, the Ottawa REDBLACKS, Ottawa Fury FC and Ottawa 67's, all experienced increases in attendance levels – the REDBLACKS sold-out every home game and won the 2016 Grey Cup. The REDBLACKS don't just have a fan base; they have RNation a significant fan base that are loud and proud. Ottawa fans add to the player experience and that helps the REDBLACKS maintain its high performance roster. Players want to locate to, and play here in Ottawa.

OSEG hosted events that gained national attention for Ottawa. These events included an Olympic Women's Soccer preview match between Canada and Brazil that drew 23,000 fans. In the arena at TD Place, the Tim Horton's Brier drew over 115,000 visitors over the course of the week of competition and produced an economic impact of approximately \$16 Million. The Panda Game between U-Ottawa and Carleton University also attracted 23,000 attendees.

Additionally, OSEG hosted events that garnered international TV audiences such as Ottawa's first Ultimate Fighting Championship (UFC) Fight Night, an event which drew over 10,000 fans. In 2016 OSEG also tried direct concert promotion by staging the "I Love the 90's" concert, which drew over 5,000 to the arena.

In 2016, TD Stadium opened its doors to the playing field and the arena for amateur athletes and their families. TD Stadium hosted high school football, National Capital Football Association (NCAFA) football, club soccer and minor hockey and also continuing to offer free public skating on local School Board Professional Development (PD) days, in addition to any other feasible days.

OSEG continued its practice of offering free admission to young hockey and soccer players to attend Ottawa 67's and Ottawa Fury FC home games. These programs – the 67's Prospects and Fury Fanatics – are helping to develop long-term fans for the teams and fuel long-term growth for Lansdowne.

OSEG's collaboration with Recreation, Culture and Facility Services ensured that Lansdowne's public spaces and historic buildings were well used in 2016. The Hogmanay New Year's Event in the Aberdeen Pavilion was extremely successful with 8,000 visitors. Over 10,000 visited the Canadian Tulip Festival displays. CityFolk drew

20,000 fans over three nights of performances. Additionally, the Ottawa Farmers' Market has continued to experience steady growth.

As partners with the City of Ottawa and the Ottawa Farmer's Market, Lansdowne closed out 2016 with a tremendous event, the Lansdowne Christmas Market. The market opened with the lighting of one of the city's biggest Christmas trees, which attracted scores of visitors to take selfies with their friends and families. Inside the Aberdeen Pavilion, local artisans showcased their creations; local farmers sold their fall harvest with a back-beat of live entertainment. On the weekend, families had the opportunity to take wagon rides around Lansdowne Park. It was a successful, tripartite partnership.

OSEG is pleased to report that collaboration between the City of Ottawa and OSEG on event-date planning, start/stop times and communications continues to be highly effective. Under Recreation, Culture and Facility Services General Manager Dan Chenier's and Program Manager, Natalie Olsen's leadership, OSEG staff is working closely to enhance the visitor experience to Lansdowne while concurrently minimizing the impact on surrounding neighborhoods in the Glebe, Old Ottawa South and Old Ottawa East.

Operating Results

OSEG's operating results reflect improvement but are not yet at the level of site activity or profitability that had originally been established.

Revenue increased 17 per cent or \$7.1 Million over 2015 to \$50.0 Million. The largest increase, of \$5.4 Million, was in the Shops at Lansdowne where more tenants were paying rents for the full year.

Operating Income was \$2.7 Million which compares favourably to last year's operating loss of \$985,000. This represents a significant improvement over the \$11 Million operating loss in 2014.

After non-cash items and interest, the Net Loss of \$14.4 Million is unfavourable when compared to last year's Net Loss of \$12.6 Million. This is primarily due to recording a full year of interest cost on the Retail loan compared to the previous year. As well, winning the Grey Cup proved to be expensive.

OSEG Financial Outlook

OSEG's near term view is to continue to see an improvement in Operating Income of the Lansdowne Partnership due to an increase in the number of events and better execution resulting from efficiency and experience.

This year will be a particularly busy one due to the hosting of major events like the 2017 Grey Cup and the National Hockey League 2017 NHL Winter Classic.

The long term view on waterfall distributions is to see total distributions over the 30-year partnership increase to \$508 Million compared to last year's estimate of \$457 Million. The City's share is estimated to increase by \$1 Million to approximately \$33 Million. OSEG is forecasting to make additional Equity contributions of \$17 Million to fund net losses from 2016 to 2018 due to continued initial start up funding requirements. The City is not required to fund any of these losses.

It is important for the City and OSEG to remain mindful of the additional benefits to the City over the long term. The City continues to avoid the net annual operational costs incurred to operate the stadium and arena at Lansdowne Park. There will be annual contributions to the capital replacement fund totalling \$64 Million which ensures that the stadium and arena is maintained and lifecycle requirements are fully funded. In addition, the City benefits from its' 50 per cent interest in the Retail Partnership. The retail development had an appraised value that exceeds its cost by over \$50 Million.

Retail

As reported last year, Lansdowne's retail district continues to be over 95 per cent leased. All major retail tenants are experiencing increases in their businesses as the number of site visits increase. The site has had a 41 per cent year-over-year increase in visits to 3.4 Million in 2016. While there have been a few of the expected business failures, there are new retail and commercial prospects eager to secure tenancy at Lansdowne.

Residential

More and more active people are enjoying living at Lansdowne. All three of the residential condos were registered in 2016 and the condo boards have been established. There is only once condominium unit which remains to be sold in the

Rideau Tower. Minto has maintained its presence on site through its Master Care program to ensure all warranty issues are dealt with in a timely manner.

Office Tower

The office tower is now 52 per cent leased. There is a pipeline of prospects looking for space between 5,000 and 35,000 square feet. The current forecast is to complete leasing by mid - 2018. The Annex Building is now occupied by Joule, a division of the Canadian Medical Association.

Transportation

Transportation Committee received the annual report in April, which confirmed that established modal split targets were met for OC Transpo ridership for attendees at major events at TD Place and Lansdowne. Given the TDM has been successfully operationalized the Lansdowne Transportation Monitoring Operations Committee (LTMOC), was concluded earlier this year since all parties agreed it had met its objectives. OSEG will continue to participate with the City and local community groups in a committee chaired by the local Councillor, David Chernushenko, to closely monitor TDM initiatives and traffic in the area. All parties are aligned on the objective of making getting to and from Lansdowne a positive experience for all our visitors.

Conclusion

As Ottawa celebrates Canada's sesquicentennial year, Lansdowne will be a destination for many visitors to our City. Ottawa has a lot to see and do and OSEG is proud that Lansdowne has so much to offer our visitors. The 2017 Grey Cup and Grey Cup Festival are estimated to bring over 200,000 visitors to Lansdowne and generate \$100 Million in economic activity for our City. RNation is looking forward to welcoming the nation to our City.

In closing, 2016 was a year of continued growth and success at Lansdowne and 2017 is positioned to be even better.

Recreation, Cultural and Facility Services Programming

Facility Rentals

Rentals by not-for-profit and private groups remained the highest generator of activities in the Urban Park over the last year. The facilities and spaces within the Urban Park

continue to be popular gathering places and a hub for all ages and interests. In the last 12 months, the urban park facilities and spaces have hosted 177 different events. The combined attendance of the various events is estimated to be more than 620,000. Many rentals had a large city-wide draw such as the Scottish Society of Ottawa's Hogmanay New Year's Eve Festival, CityFolk Festival, Canadian Tulip Festival and Crashed Ice After Party. Lansdowne continues to draw festival-like events such as City of Om Yoga Festival, Dessertfest, Craft Beer Festival, Sugar Lumber Fest, and the Indian Film Festival.

The 2016/17 reporting period saw fewer large events than the previous period, but a greater number of smaller events. A significant number of free events are currently being offered as part of 2017 Ottawa Welcomes the World celebrations. Forty embassies have registered to take part in this program, including several which will host multiple days of celebration. Five partnered events involving thirty additional embassies have also registered. By early June, nine embassy events had already successfully taken place at Lansdowne and all were very well attended. For example, over 13,000 attended the three-day event hosted by the Embassy of Mexico.

The Ottawa Farmers' Outdoor Market in Aberdeen Square started on May 1st 2016 and continued each Sunday until the end of November with an average of 70 vendors per market and estimated attendance at the outdoor markets of over 86,000. Attendance estimates from the Ottawa Farmers' Market show that the Christmas market, winter market and outdoor markets are all gaining popularity with increasing attendance. In June 2016, the City renegotiated the licence of occupation with The Ottawa Farmers' Market for a five-year term ending in 2021.

Lansdowne's picturesque and unique location continues to be the site of choice for many events such as weddings, fundraisers, and corporate events. More than 20 weddings were held in the Horticulture Building over the last year, and numerous additional wedding requests have been made for 2018. Many organisations have confirmed the use of Lansdowne as their preferred location for their events next year.

Programming

The City offered a variety of registered programs ranging from Family Roller Skating, Basketball Skills and Drills, Yoga and Sketching *en Plain Air* as well as becoming the destination for animated summer camp field trips. Staff have also added large foam play

blocks (Loose Parts Animation) to the water plaza to animate this popular summer feature.

The increasing popularity of registered programs is evident by a three-fold increase in the number of registered participants over the past year and a doubling of registration revenue. The Urban Park continues to host many free drop-in events which offer a variety of fun activities for families such as: Full Moon Yoga, Workshop Wednesdays (themed arts and craft activities), and the Summer Arts Series. Ninety-four free programs, events and exhibitions have been offered at the Park since June 2016, attracting over 108,000 visitors and helping to reinforce Lansdowne as a regional and community gathering place and fostering a healthy community in keeping with Council's strategic priorities.

An addition to Lansdowne Park in 2016 was the CUPE 503-sponsored large inflatable movie screen and audio/visual equipment which were used to offer nine free outdoor movies to the public. More than 2,000 patrons of all ages attended the viewings. CUPE's generous support also included funding to staff the movie program and they return as a valued partner to support Summer 2017 movies in the park.

The City complemented the 2017 Winterlude festivities by offering programming and events such as the Snowscapes lighted snow garden, snow garden workshops, a family roller skating event and an outdoor movie screening hosted by the Ottawa Art Gallery. The refrigerated rink, sliding hill and winter market drew many participants to the site again this year especially with the new addition of the 50-foot-high Christmas tree nestled in front of the Aberdeen Pavilion. Lansdowne is positioning itself as Ottawa's Christmas destination where Santa comes to visit, caroling can be heard and horse and buggy/sleigh rides can be had while sipping hot chocolate. The outdoor refrigerated rink operated from November to March and was open for more than 110 days this past winter and it was very well used by skaters of all ages. During the off season, the rink court has become a popular area for pickup basketball, skateboarding and rollerblading.

Financial Results for City Programming

Financial reports for year-end 2016 indicate that the overall net cost of operations were \$559,717 under budget. This included an 11% reduction in overall expenditures compared to 2015 and a five per cent increase in revenues due to increased

participation in registered programs and the rental of the newly renovated commercial space in the Horticulture Building.

Capital Improvements

In late 2016, the lifecycle program invested \$1.2 Million in the Aberdeen Pavilion. Work included repairs to windows and doors, upgrades to the sprinkler system, new accessible bathrooms, renovation of existing washrooms, minor structural repairs, roof repairs and floor repairs. These projects improved the accessibility and aesthetics of the unique facility. Although the renovations impacted the availability of the space for almost three months, work was completed by the second week of December, in time for the start of the Ottawa Farmers' Christmas Market.

Renovations to the commercial space in the Horticulture Building over a two-month period were completed to allow Boccato Gelato and Crepes to open in July 2016. The Horticulture Building also underwent an acoustic and audio assessment to identify ways to reduce hall reverberation and noise from being transmitted to the outside. The assessment also provided insight into how to optimize the current sound system and provide an immediate reduction in unwanted noise. A base lighting system in the rafters and draping to improve sound retention was also added thanks to Ottawa 2017 and in support of the Ottawa Welcomes the World program.

The water plaza received an equipment upgrade to increase the height and force of the water jets. New nozzles were installed to provide a higher vertical spray to create a better splash pad experience for children. The water plaza's "Uplift" art piece also received modifications to its base to improve safety when the area is used as a splash pad. Dips in the walking surface were leveled and a skid resistant treatment was applied to the tiles.

The restored Thomas Ahearn monument, previously located at the entrance to Lansdowne Park, was reinstalled at the corner of Bank Street and Holmwood Avenue. A ceremony marking its unveiling was held in October 2016.

Upcoming Events

Staff is busy planning for a number of events that will run in the second half of 2017. 2018 will be another successful year at Lansdowne as a number of organisations have

confirmed the use of Lansdowne as the preferred location for their events. Events such as City of Om and the Canadian Tulip Festival will be hosted at Lansdowne in 2018.

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 implications 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 June 5, 2017, the General Partner presented the Financial Statements for the year ended December 31, 2016. 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 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 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.

The July 13, 2016, Lansdowne Partnership Plan Annual Report (ACS2016-CMR-OCM-0024) provided a financial update to the 30-year projections (pro forma). The pro forma was updated to reflect the most current financial assumptions and their impact on the expected returns to the City and OSEG, covering the period 2012 to 2044.

At the June 5, 2017 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 2017 revised pro forma shows an increase of \$51.3 Million in waterfall distributions over the 30-year period compared to what was projected in the 2016 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 \$)	2016 Projection	2017 Revised Projection	Change (\$)
Waterfall Summary			
L1 – Additions to Lifecycle Fund	64.2	64.2	-
L2 – OSEG – Return on Equity	237.8	271.7	33.9
L2 – City of Ottawa – Return on Funding Equity*	-	-	-

(in millions \$)	2016 Projection	2017 Revised Projection	Change (\$)
Waterfall Summary			
L3 – OSEG Return of Additional Equity	75.3	92.0	16.7
L4 – OSEG – Return of Equity	47.0	47.0	-
L4 – City of Ottawa – Return of Equity*	-	-	-
L5 – City of Ottawa – Return on Deemed Equity	32.5	33.2	0.7
L6 – OSEG – Residual Share	-	-	-
L6 – City of Ottawa – Residual Share	-	-	-
Total	456.8	508.1	51.3

* 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

Document 1: Minutes from the June 5, 2017 Lansdowne Master Partnership Meeting and the June 5, 2017 Meetings Amongst Parties to the Unanimous Shareholder Agreements. *(Held on file with the City Clerk)*

DISPOSITION

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

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