



ECONOMIC AND FINANCE STANDING POLICY COMMITTEE REPORT

Title Municipal Controlled Corporation Development Update

Meeting Date May 8, 2025

Submitted By Darrell Mathews, Chief Financial Officer and Treasurer

Presented By Darrell Mathews, Chief Financial Officer and Treasurer
Darren Liviniuk, Partner, Deloitte LLP
Kim Gallucci, Acting CEO, Lethbridge & District Exhibition

Summary

The purpose of this report is to inform the Economic SPC on the updates on the LDE Third-Party Review Phase 3. Phase 3 of the LDE Third-Party Review will lay the groundwork for a municipally controlled corporation (MCC) to consolidate event management in Lethbridge, including legal frameworks, strategic plans, and budgeting for City Council approval. It will also be exploring potential new models for event attraction and partnerships to leverage unutilized space in a way that maximizes community benefit.

This update will have two presentations. First from City Administration and the second from Deloitte LLP.

Deloitte's presentation (attachment 1) will provide the work Administration and Deloitte has completed to date. Additionally, Deloitte will provide members of Economic & Finance SPC the potential new models for event attraction, qualitative assessment of these models, evaluation framework for the business plan, expected benefits and barriers and next steps to the business plan as well as next steps and timelines.

Administration will provide a presentation of the work that needs to be completed in parallel with the MCC exploration (attachment 2). This includes developing City Administration working with LDE Administration on the following components:

- Develop and create the necessary legal and governance structures for the creation of the MCC temporary holding company (EventCo).
- Developing the draft Lethbridge & District Agricultural Society (LDAS) governance structure obligations in relation to the Alberta Gaming, Liquor, and Cannabis (AGLC) requirements (attachment 3).
- Process and timing of implementing the LDAS governance structure with the AGLC Charitable Gaming Policies requirements by August 31, 2025.

Administration will also discuss the MCC next steps.

Recommendation(s)

That the Economic & Finance SPC recommend that Council:

- 1) Approve the recommendation of the Lethbridge & District Exhibition (LDE) Third-Party Review to create a City of Lethbridge controlled non-profit corporation (EventCo) to manage the risk and operate the Exhibition grounds for the benefit of the LDE as well as the City at large;
- 2) Approve the recommendations of the LDE Third-Party Review to reorganize and refocus the operations of the LDE on its core business and restore the governance, shareholdings, and share structure of the Exhibition to such extent as is reasonable and practicable in the circumstances as outlined in the Memorandum of Understanding (MOU) between the City and LDE; and,
- 3) Direct Administration to return to provide further updates on the MCC Development including the City of Lethbridge controlled non-profit corporation (EventCo) and the reorganization and refocusing of LDE to LDAS at the July 10, 2025 Economic & Finance SPC.

Financial

The development of a recommended business plan, implementation plan and budget development of a municipally controlled corporation to consolidate event attraction across Lethbridge requires external legal and consultant expertise. These costs will be funded through the existing Operating Budget. As per the Council resolution on December 10, 2024:

Any additional operating costs associated with the implementation of the Municipal Controlled Corporation will be part of the deliverables being brought back to Council. This includes the requirement to develop an Operating Budget.

Background and Prior Decisions

At the [December 10, 2024, Council Meeting](#), Council directed Administration to proceed with the development of a recommended business plan, implementation plan and budget development of a municipally controlled corporation to consolidate event attraction across Lethbridge, work with the Lethbridge and District Exhibition (LDE) Board and Provincial Government on the future LDE governance model; and explore potential new models for event attraction and partnerships to leverage unutilized space in a way that maximizes community benefit.

BE IT RESOLVED THAT City Council:

1. direct Administration to:
 - a. Proceed with the development of a recommended business plan, implementation plan and budget development of a municipally controlled corporation to consolidate event attraction across Lethbridge;
 - b. Work with the Lethbridge and District Exhibition (LDE) Board and Provincial Government on the future LDE governance model; and
 - c. Explore potential new models for event attraction and partnerships to leverage unutilized space in a way that maximizes community benefit.

After the December 10, 2024 Council Resolution, Administration has worked with Deloitte on the Exploration of developing a MCC to consolidate event attraction across Lethbridge. This includes working with LDE and the Provincial Government on the future LDE governance and exploration of new models for event attraction and partnerships.

One component of working with the Province included discussions on the LDE gaming licences provided through AGLC. In 2024, AGLC maintained LDE's gaming license while the City was completing Phase 1 of the LDE Review. AGLC at the time asked LDE to get back to them once City Council had made their decision on the future of LDE's operations. After the December 10, 2024 Council decision, LDE Administration contacted AGLC to continue discussions on the gaming licenses. In January 2025, AGLC provided a letter noting that based on the information provided, Alberta Gaming, Liquor and Cannabis (AGLC) is willing to extend the LDE's eligibility to August 31, 2025. AGLC also noted that should the Lethbridge & District Exhibition wish to pursue gaming licences beyond August 31, 2025, they must be structured and delivering programs in compliance with Charitable Gaming Policies. No further gaming licences will be issued until LDE is operating and delivering programs as required. AGLC will be happy to work with LDE to ensure requirements are met. Based on this AGLC decision, LDE Administration and City Administration began working on a model to meet these requirements within the overall development of the MCC structure. The presentation will provide further context for meeting the AGLC and Agricultural Society requirements.

Engagement

Council directed Administration to work with the Lethbridge and District Exhibition (LDE) Board and Provincial Government on the future LDE governance model.

Recommendation and Option(s) Analysis

To meet the requirements of the Province, AGLC and any new requirements within the Agricultural Society Review, Administration recommends implement the necessary changes to the Lethbridge & District Exhibition. This includes:

1. Approving the recommendation of the Lethbridge & District Exhibition (LDE) Third-Party Review to create a City of Lethbridge controlled non-profit corporation (EventCo) to manage the risk and operate the Exhibition grounds for the benefit of the LDE as well as the City at large;
2. Approving the recommendations of the LDE Third-Party Review to reorganize and refocus the operations of the LDE on its core business and restore the governance, shareholdings, and share structure of the Exhibition to such extent as is reasonable and practicable in the circumstances as outlined in the Memorandum of Understanding (MOU) between the City and LDE.

Not meeting these requirements would result in the loss of approximately \$550,000/yr of gaming and grants adding an additional funding pressure to the existing 2025 & 2026 approved budget.

Attachment(s)

1. Attachment 1 - MCC Exploration Update Deloitte LLP
2. Attachment 2 - MCC Development Update COL Admin
3. Attachment 3 - EventCo & LDAG Operational Partnership Framework

Approvals

Department Director: Darrell Mathews

City Manager: Lloyd Brierley