



**Canada Lands Company**  
**Société immobilière du Canada**

**CANADA LANDS COMPANY LIMITED**

**SUMMARY OF CORPORATE PLAN**

**1999 - 2000 TO 2003 - 2004**

**Including**

**CAPITAL BUDGET 1999-2000**  
**OPERATING BUDGET 1999-2000**

1999.07.19

**Canada**

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## EXECUTIVE SUMMARY

This is a summary of the Corporate Plan of Canada Lands Company Limited, which Plan was prepared in January 1999 and approved by the Treasury Board and Governor-in-Council in May 1999.

The Corporation had another successful year in 1998/1999 and was able to provide a cash distribution to its Shareholder of \$52 million. Distributions since reactivation have amounted to approximately \$85 million.

Other major achievements during the year were:

- Sale of the Corporation's 50% interest in the TD Centre, Winnipeg, resulting in removal of \$30 million of debt;
- Approval of the Official Plan Amendment for the Downsview lands;
- Agreement with Treasury Board and the Nanaimo First Nation concerning the creation of a master plan for CFB Nanaimo;
- Entry into sale agreements for two Queens Quay West Land Corporation properties;
- Transfer of approximately 3,200 acres of land from CMHC;
- Award of Excellence for the remediation program underway on the former Moncton Shops lands;

The major strategic issues facing the Corporation in the Plan period are:

- Confirmation of the continuing mandate and operations of the Corporation
- Crown Property Transfers
- First Nations land claims
- CLC Downsview Inc. ("CLCD") corporate governance, development and financing issues
- Year 2000 issues

Canada Lands Company CLC Limited ("CLC") has now disposed of the majority of its initial CN property inventory outside of British Columbia. By the end of the Plan period, virtually the only property assets projected to still be held by the Corporation are Downsview Park and the CN Tower, in Toronto, and the ongoing development projects at CFB Calgary and Glenlyon Business Park, Vancouver. This demonstrates the need for early and comprehensive progress to be made in the Crown transfer process.

The Company continued to follow its guidelines related to First Nations interests for CLC properties in British Columbia. The focus over the past year has been to apply a more Band-specific approach, with the objective of building relationships with individual First Nations. This approach is now starting to produce positive results, evidenced by the agreement recently executed between CLC, Treasury

Board Secretariat and the Nanaimo First Nation. This strategy will be followed during the Plan period.

The continuing mandate and operations of Canada Lands are scheduled for review by the Year 2000.

CLCD was incorporated in July 1999 as a subsidiary of Canada Lands to fulfil the Government's vision to create, on a self-financing basis, a unique urban recreational green space on the former CFB Downsview lands in Toronto. It is anticipated that the Company will commence operations in early 1999 with a full Board of Directors, an approved Business Plan, and with sufficient funding and bank facilities to commence its park development program. The major strategic issues for CLCD will be :

- To plan, design, build and operate a unique urban park that will be enjoyed by the public in perpetuity;
- To balance the expenditures for the park with the inflow of cash from the sale or lease of lands and buildings not required for park purposes.

A Year 2000 ("Y2K") project team has been established and it is anticipated the Corporation will be Y2K compliant by June 1999.

All activities of Canada Lands will continue to be carried out in a financially self-reliant manner, and cash flow generated from operations should allow distribution of a further \$230 million to the Government and/or its agencies during the Plan period. The divestment of assets such as the TD Centre in Winnipeg and 900 Howe Street, Vancouver, have resulted in the elimination of all existing debt obligations, which amounted to \$37 million in April 1998.

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## **MANDATE**

The mandate of Canada Lands is to dispose of strategic real properties no longer required by the Government, and to manage certain select properties, in order to generate "optimal value" to the Canadian taxpayer. Optimal value recognizes financial value realized, economic stimulation, and contribution to quality of life in communities.

## **VISION**

Canada Lands strives to stimulate economic growth, generate financial benefits and enhance the quality of life in communities where the Company conducts business.

## **VALUES**

Through community consultation and partnering with the private sector, Canada Lands and its employees apply real estate expertise and creative property solutions to deliver lasting value for Canadians. The Company acts transparently, seeks to meet high standards of environmental stewardship, and respects heritage considerations and First Nations interests.

## **CORPORATE PROFILE**

Canada Lands was reactivated in August of 1995 as a Federal non-agent commercial Crown corporation to undertake the timely and orderly disposal of strategic real properties no longer required by the Government. In addition, the Corporation also manages certain select properties such as the CN Tower and the Downsview lands in order to generate optimal value and benefit to the Canadian taxpayer.

Canada Lands has four wholly-owned subsidiaries:

- Canada Lands Company CLC Limited, the core real estate operation of the parent company, currently owns 4750 acres of land in 37 different municipalities across Canada, and has major offices located in Vancouver, Toronto, Ottawa and Montréal;
- CLC Downsview Inc., a subsidiary incorporated on 17 July 1998 to develop and manage the former CFB Downsview lands as a unique urban recreational green space, to be held in perpetuity for the enjoyment of future generations. This fulfils the "trust concept" envisaged by the Government in creating a park at Downsview; (See Annex 1 for additional information).

- 3148131 Canada Limited ("3148131") is an inactive subsidiary.
- Société du Vieux-Port de Montréal Inc. ("Vieux-Port"), a subsidiary which has the mandate to redevelop the Old Port of Montréal through infrastructure work, as well as to provide recreational and cultural programming. This Corporation operates and is governed as a Parent Crown corporation, and files its own Corporate Plan and Annual Report as decreed by the Governor-in-Council.

## **ASSESSMENT OF OPERATIONS**

### **Financial Results**

For the year ended 31 March 1998, Canada Lands financial results were as follows:

\$ millions		
<b><u>1997 – 1998 Plan</u></b>	<b><u>Actual</u></b>	<b><u>Budget</u></b>
Property sales	\$134.0	\$245.6
Income before tax	22.2	23.3
Capital expenditures	8.7	17.8
Cash flow	52.7	26.4

The following is a comparison of projected financial results compared to budget (as amended by the CLCD projected operations for January to March 1999) for the year ending 31 March 1999:

\$ millions		
<b><u>1998 – 1999 Plan</u></b>	<b><u>Outlook</u></b>	<b><u>Budget</u></b>
Property sales	\$163.8	\$247.0
Income before tax	20.8	25.8
Capital expenditures	21.3	33.9
Cash flow	39.3	32.3

### **Other Major Achievements**

In addition to the financial achievements noted above, during the current year the Corporation had success in many other strategic areas of its operations as follows:

- Disposition of the Corporation's 50% interest in the TD Centre, Winnipeg resulted in the discharge of the \$30 million debt on this property. This will mean that the Corporation will have retired all of the \$73 million debt inherited at the time of acquiring the CN real estate portfolio in 1995.
- Major achievements related to the Corporation's management of the Downsview lands during 1998 were: approval by the City of Toronto of an Official Plan Amendment which allows for the future development of the lands; the incorporation of CLC Downsview Inc., which will be responsible for developing and managing the park and adjacent lands; advanced

negotiations with the three proponents who will be developing the lands adjacent to the park, the funds from which will be used to create the park.

- The establishment of a fully-staffed office in the National Capital Region has resulted in agreements to transfer a number of Crown properties and created opportunities for ongoing discussions for the possible transfer of additional properties.
- Canada Lands was recognized in 1998 by the information technology community for its innovative use of leading edge technology.
- CLC was the recipient of a Professional Merit Award in the "Communications/Public Education" category from the Ontario Professional Planners Institute, at both the district and provincial levels.
- CLC received an Award of Excellence for its comprehensive remediation program at the former Moncton Shops, which was undertaken with community round table participation.
- An agreement was signed between CLC, Treasury Board and the Nanaimo First Nation regarding the creation of a master plan for CFB Nanaimo, British Columbia.
- Heritage considerations have been recognized at two of the Corporation's properties, at Calgary by recognizing its military history and in Moncton by naming the proposed business park after the Honourable Henry Emmerson, Minister of Railways and Canals in the early part of this century.
- Entry into agreements of purchase and sale for two of the remaining properties owned by Queens Quay West Land Corporation ("QQWLC"). This will lead to the fulfilment of the Corporation's responsibilities for management of QQWLC prior to its eventual windup.
- Transfer of approximately 3,200 acres of land from CMHC.

**CORPORATE ISSUES, OBJECTIVES & STRATEGIES - SUMMARY**

<b>ISSUE</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>PERFORMANCE MEASURE</b>	<b>PROGRESS TO DATE</b>	<b>FUTURE GOALS</b>
Mandate	Receive confirmation from Shareholder	Provide information Suggest improvements	Feedback from Shareholder Property Transfers Approval of Corporate Plan	Mandate Review Information	Respond to Shareholder needs
Financial/non-Financial balancing	Optimize cash flow Community benefits Economic stimulation Eliminate liabilities Maintain viability of CLCD	Stakeholder consultation Human Resource skills Private-sector partnerships Transparency	Balanced Scorecard/Social Audit Achievement of financial objectives Stakeholder feedback Media Awards and recognition	Distributions to Shareholder Community benefits Economic stimulation	Continued refinement of Balanced Scorecard/Social Audit
Reputation Management	Represent Shareholder & Company in positive and proactive light	Extensive Stakeholder consultation Performance driven communications programs Win-win philosophy	Positive feedback from Stakeholders Media Awards and recognition	Wide Recognition in Social Policy areas, media reporting, awards	Continued emphasis on: contribution to quality of life, problem-solving ability, transparency
Crown Transfers	Increase rate of properties transferred from Federal Government	Provide incentives to custodians Simplify process	No. of properties transferred	Some transfers CMHC portfolio	Significant increase in rate of transfers B. C. transfers CFHA partnership
First Nations Land Claims	Market properties Expedite transfer of properties to CLC	Respect First Nations interest Undertake negotiations at the Band level Application of guidelines	No. of agreements reached with First Nations Properties sold Properties transferred	Agreement re CFB Nanaimo Discussions with Squamish re Capilano IR 5 Discussions with Sto lo re proposed Joint Venture	Transfer of CFB Nanaimo Enter into Joint Venture re Capilano IR and CFB Chilliwack In partnership with INAC, assemble inventory of properties of interest
Corporate Governance CLCD	Establish effective parent-subsi-dary relationship Separation of authorities & accountabilities	Management representation of Parent on Board Periodic meetings between parent and subsidiary	Satisfactory working relationship between parent and subsidiary	Incorporation of subsidiary Appointment of Board Viable Business Plan	Performance driven, self-financing subsidiary Progress on park development
Y2K	To become Y2K compliant by first quarter 1999	Project Team Third-party review	All systems compliant; no problems in physical structures	Review of assets	Complete compliance testing by June 1999



## **CORPORATE PRIORITIES, ISSUES & STRATEGIES**

### **Crown Transfers**

The Government owns approximately 57 million acres of land, of which 46 million acres are held by Parks Canada. The balance of 11 million acres is held by federal departments, agencies, or Crown corporations as part of their operating assets to fulfill federal programs and social policy objectives.

Over time, a number of these properties have become surplus due to changes in Government programs and priorities. It is understood that many properties face major 'rust-out' issues and are in need of major refurbishment or replacement. The Corporation considers that these assets can be reintegrated back into the local communities without impacting the ability of the Government to manage its programs effectively.

At this time, the Company has identified approximately 18,000 acres of land which may be surplus to program requirements. It is believed that many other properties would fall into this category. Since 1995, four properties have actually been transferred from custodian departments to CLC:

- CFB Saint-Hubert, Saint-Hubert, Que. 205 ac.
- CFB Currie Barracks/Lincoln Park, Calgary, Alta. 428 ac.
- Moncton Garrison, Moncton, N.B. 10 ac.
- 363 Smyth Road, Ottawa, Ont. 23 ac.

However, a number of properties totaling approximately 3,200 acres were acquired from CMHC in the past year.

Actual transfers are not keeping pace with CLC's capacity to deal with new properties and the Company's ability to create value and community benefits is not being fully utilized.

The Corporation has been invited to participate in a broad governmental review of the Federal property disposals process, and welcomes this opportunity to respond to Shareholder needs.

### **First Nations Land Claims**

First Nations Land Claims are an important factor to be taken into account when dealing with Crown transfers to the Corporation, and directly impact property sales in British Columbia. While following Company guidelines, the focus over the past year has been to a more Band-specific approach, with the objective of building relationships with individual First Nations. This approach is now starting to produce positive results, evidenced by the agreement recently executed between CLC, Treasury Board and the Nanaimo First Nation.

In addition, CLC has entered into negotiations with the Squamish First Nation, regarding their land holdings along the North Shore of the Vancouver Harbour, to provide CLC's expertise in developing a Master Plan for these lands which consist of 411 acres of waterfront property strategically located at the north end of the Lions Gate Bridge.

The broader value of these initiatives is the possible participation by CLC with other First Nations in the planning and development of surplus strategic properties in British Columbia, such as Jericho, CFB Chilliwack, DND/Coast Guard Richmond, etc.

All these initiatives present challenges to CLC in attempting to achieve success in generating beneficial economic activity for First Nations in the context of CLC's objective of creating "optimal value" for the Shareholder from surplus strategic properties across the country.

### **Elaboration of Mandate**

The continued mandate and operations of Canada Lands are scheduled for review in the year 2000. At the request of Treasury Board, a discussion paper dealing with the elaboration of the Corporation's mandate was submitted to the Minister responsible for Canada Lands and his staff in late 1998. The Company sees its core mandate as achieving fair value on behalf of the Canadian taxpayer for the properties transferred to it, while seeking to contribute to the quality of life in communities. This paper reviewed the Company's progress to date and described the benefits generated for the Government. In addition, recommendations were made as to how the Company could more effectively fulfill its role of achieving optimal value for the Shareholder.

The Corporation will continue to work with PWGSC and Treasury Board Secretariat officials to assist in a broad-based Government review of the Federal property disposal process, and review of the Corporation's mandate.

### **Corporate Governance**

With the appointment of two additional directors this year, the Company's Board of Directors now has its full complement. The Chairman's term has been renewed for an additional three years to November 2001, which provides excellent governance continuity for the Corporation.

The Corporation and the Board have given priority to governance matters during the formative period of the Corporation. Canada Lands and its Directors and officers are subject to Part X of the Financial Administration Act. Directors have received information, and have participated in a variety of educational seminars dealing with roles and responsibilities of Directors of Crown corporations.

Policies and guidelines have been established relating to Conflict of Interest (for both Directors and employees), Environment, First Nations, Land Sales, Official Languages, Outside Board Membership and Contracting. The Board this year approved policies and guidelines covering the areas of Heritage and Charitable Donations.

The internal audit activities that commenced last year were continued, including reviews at project field offices located in Calgary, Saint-Hubert and Moncton.

The Board recently held a special meeting to discuss the mandate and vision of the Company, and to review its governance and committee structure. It was decided that for the time being no new committees (beyond the existing Audit and Human Resources Committees) need to be established. It was considered that given the relatively small size of the Board, all important governance matters would be dealt with by the entire Board.

A key issue under current discussion is the appropriate governance structure for the newly established CLCD subsidiary. The objective is to establish effective Parent-Subsidiary Board representation and relationships which best achieve separation of authorities and accountabilities in a manner that ensures sound governance at both the Subsidiary and Parent Board level.

## **Year 2000**

Canada Lands takes the risk of the Year 2000 business problem seriously and is committed to implementing a plan that will minimize the possibilities of difficulties associated with the Y2K date change. A Y2K project team has been established which has expertise in building systems as well as management information systems. The corporation's external auditors are presently reviewing the Y2K plan to determine if it is complete, reasonable and attainable in order to achieve the goal of being Y2K compliant by June 1999.

A presentation was made to the Board of Directors in June 1998 to communicate Y2K potential problems and the risk to the Corporation. Regular progress reports are given to the Board of Directors, senior management and the Government department responsible for Y2K compliance matters. The President & CEO has been providing regular updates to the Minister.

## **Environment**

Canada Lands has instituted a policy which requires the Company to meet federal, provincial and municipal environmental standards and regulations. Efforts are made to harmonize activities in order to minimize duplication between these jurisdictions.

All the Corporation's real estate assets are evaluated and assessed to determine their environmental condition and based on this knowledge, action plans ranging from full remediation through to disclosure of conditions to potential purchasers are determined.

The Corporation's initiatives in dealing with environmentally challenged properties have been recognized in many communities across Canada. In British Columbia, Canada Lands has been given an award in connection with protecting the natural environment in relation to the Glenlyon Business Park property. This year, in Moncton, New Brunswick, the Corporation received an "Award of Excellence" for its work in remediating the former Moncton Shops property.

## **Heritage**

Canada Lands applies heritage considerations to all of its development and revitalization activities across the country, from recognizing the history of a site in project names to incorporating elements of the site's past into new development. For example, during this year CFB Calgary (Currie Barracks) became Garrison Woods, and part of the Moncton Shops site became Emmerson Business and Technology Park. The cornerstone of the old Moncton Shops, inaugurated by the Hon. Henry Emmerson in 1906, will be incorporated into the architecture of the new Business Park and offers an example of bringing heritage considerations into redevelopment activities.

## **Reputation Management**

Canada Lands takes seriously its responsibility of positioning and presenting its business activities in the best possible light, thereby enhancing the reputation of the Company and strengthening the image of the Shareholder. It achieves its objectives in this area through extensive stakeholder consultation and substantive, performance-driven communications programs. Emphasis continues to be placed on how the Company's activities enhance the quality of life of the communities where it conducts business.

The Canada wordmark will be used extensively in the Company's communication materials and the Company will adhere to the general principles of the Federal Identity Program.

## **Millennium Programs**

As part of its Millennium Program, Canada Lands had children plant trees along a boulevard leading into the Emmerson Business and Technology Park, in Moncton, New Brunswick. In September of 1999, 52 heads of state and their representatives from the francophone world will place a plaque in front of each one of these trees with the name of their country or region.

Other greening initiatives are underway to benefit the Corporation's major property holdings across the country as part of its Millennium Program, including park dedications in Calgary, Toronto (Downsview) and Halifax.

### **CLC Downsview Inc.**

CLCD was incorporated as a subsidiary of Canada Lands to fulfill the Government's vision to create a self-financing, urban recreational green space on the former CFB Downsview lands.

The challenge for CLCD will be to design and implement an exceptional urban park while balancing the expenditure of funds for the building of the park with the inflow of cash from the sale or lease of the lands not required for the park.

See Appendix 1 for additional information.

### **CN Tower**

CLC has the right to retain use of the CN Tower name and logo until November of 1999. It will therefore be necessary during the first year of the Plan, to make a decision in consultation with the Shareholder, on the future name of the CN Tower.

### **Balanced Scorecard (Social Audit)**

Canada Lands' Balanced Scorecard continues to evolve and sets the context within which operating decisions are made and aligns them to corporate strategies. The Scorecard is based on Canada Lands' vision and enables the translation of key activities into unifying themes which effectively communicate and align activities which aid Canada Lands in the achievement of its mandate and vision.

**CANADA LANDS COMPANY LIMITED  
FINANCIAL HIGHLIGHTS  
FOR THE YEAR ENDING 31 MARCH 1999  
AND THE FIVE YEARS 1999-2000 TO 2003-2004**

\$ Millions

	CLC			DOWNSVIEW			CONSOLIDATED		
	1998-1999	1999-2000	1999-2004	1998-1999	1999-2000	1999-2004	1998-1999	1999-2000	1999-2004
<b>Property sales</b>	163.8	132.4	536.4			72.4	163.8	132.4	608.8
<b>Other revenue</b>	19.1	13.1	63.5	1.0	5.6	27.9	20.1	18.7	91.4
<b>Income before tax</b>	21.6	14.1	103.4	(0.8)	1.2	(3.2)	20.8	15.3	100.2
<b>Capital expenditures</b>	19.9	20.4	113.6	1.4	3.5	79.8	21.3	23.9	193.4
<b>Income tax</b>	9.6	6.2	45.6				9.6	6.2	45.6
<b>Cash flow</b>	41.5	37.6	230.8	(2.2)	(1.2)	(34.9)	39.3	36.4	195.9
<b>Distribution to Shareholder</b>									
<b>CMHC notes repayment</b>		33.4	75.5					33.4	75.5
<b>Government notes repayment</b>	5.4	8.2	64.7				5.4	8.2	64.7
<b>Dividends / shares redeemed</b>	46.6		89.8				46.6		89.8
<b>Total</b>	52.0	41.6	230.0				52.0	41.6	230.0
<b>As at 31 March</b>									
<b>Assets</b>	448.0	417.7	256.8	1.4	4.8	130.8	449.4	422.5	387.6
<b>Debt</b>				2.2	3.4	37.1	2.2	3.4	37.1
<b>Government / CMHC notes</b>	130.3	98.6	8.4			91.0	130.3	98.6	99.4
<b>Equity</b>	208.1	216.0	176.1	(0.8)	0.4	(4.0)	207.3	216.4	172.1
<b>Number of employees</b>	87	90		8	10		95	100	

**CANADA LANDS COMPANY LIMITED**

**CAPITAL BUDGET 1999-2000**

\$ million

Parent Company	NIL
Canada Lands Company CLC Limited	20.4
CLC Downsview Inc.	<u>3.5</u>
TOTAL	<u>23.9</u>

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**OPERATING BUDGET 1999-2000**

\$ million

Parent Company	NIL
Canada Lands Company CLC Limited	14.1
CLC Downsview Inc.	<u>1.2</u>
TOTAL	<u>15.3</u>

**BORROWING PLAN 1999-2000**

\$ million

Parent Company	NIL
Canada Lands Company CLC Limited	40.0
CLC Downsview Inc.	<u>NIL</u>
TOTAL	<u>40.0</u>

## Appendix 1

### CLC DOWNSVIEW INC.

#### EXECUTIVE SUMMARY

CLC Downsview Inc. ("CLCD") was incorporated on 17 July 1998 as a wholly owned subsidiary of Canada Lands Company Limited ("Canada Lands"), a non-agent Crown corporation. The Corporation's name, for the purposes of carrying on business, is to be reviewed and possibly changed to more appropriately reflect the nature of the Corporation's business operations.

CLCD was created as the vehicle through which the Government of Canada ("Government") would achieve its vision of creating a self-financing, urban recreational green space on the former Canadian Forces Base Toronto, Downsview, Ontario ("CFB"). This Plan puts in place the business transactions necessary to generate funding for the park's construction.

The CFB property consists of 675 acres, of which the Government will assign to CLCD the rights to approximately 581 acres ("Lands") in exchange for promissory notes issued by CLCD. Approximately 308 acres will be utilized for an urban green space and some 273 acres will be developed to generate the revenues necessary to create the park. In addition to the 273 acres, Block H, which is a 31 acre parcel fronting on Wilson Avenue and separate from the main site, was declared surplus and will be sold, contributing additional proceeds towards the development of the park. The Department of National Defence ("DND") is retaining 63 acres. CLCD is assisting DND in the integration of these lands and proposed buildings into the entire project.

A comprehensive land use plan was submitted to the City of North York (now City of Toronto) to re-zone the property to allow for the proposed uses. City Council unanimously approved an Official Plan Amendment in July 1998, which is currently under appeal to the Ontario Municipal Board ("OMB"). Completion of the appeal process is expected in late 1999.

#### MANDATE

The following elements comprise the mandate for CLCD:

##### Principal Goal

The fundamental purpose of CLCD is to be the vehicle through which the Lands are managed and developed as a unique urban recreational green space, to be held in perpetuity for the enjoyment of future generations.



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## **Financial Goal**

CLCD is to be entirely self-financing and is not to receive funding from Canada Lands or the Government. Sources of income will include revenues from the sale or leasing of land and facilities, revenues from private sector partnerships for activities on the site, fees for sponsorships, advertising and endorsements, and grants or contributions from other levels of government. The Lands will be transferred to CLCD in exchange for promissory notes payable to the Government. CLCD will also have the ability to borrow, subject to the approval of Canada Lands and as authorized in its Corporate Plan.

The Downsview Foundation ("Foundation"), an independent non-profit organization, is to be created to solicit donations from the public, and these funds are to be applied to specific projects on the park lands.

## **Management Goal**

CLCD will operate at arm's length from the Government according to laws of general application within the province of Ontario. CLCD will follow principles and standards of good corporate governance, using its resources efficiently, effectively and with prudence, taking due regard of the fact that it is acting on behalf of the taxpayers of Canada. The Corporation will also respect and be guided by the social policy objectives of the Government of Canada.

## **Interaction with Others**

In order to achieve the orderly development of the Lands, CLCD will need to consult and cooperate with municipal and provincial authorities, adjacent landowners, other community interests and the local business community.

## **FINANCIAL RISKS**

The ability of CLCD to implement its goals and achieve its objectives is subject to the following risks:

1. CLCD has limited revenue generating abilities to sustain its operating requirements.
2. Successful and timely completion of the OMB appeal on the proposed Official Plan Amendment and zoning bylaws.
3. Timely resolution of the Private Married Quarters housing issue.
4. Transfer or lease of the 581 acres forming CLCD's land inventory.

5. The timely construction of the new consolidated military facility and resolution of DND related issues.

A strategy that is being considered to reduce the first two risk factors is to separate the re-zoning application into two parts. This would result in the commercial sites being removed from the whole.

The financial risk is further reduced by CLCD not incurring expenditures greater than its internally generated funding.

The last two risk elements can be managed and should not cause any major delays in achieving CLCD's objectives.

## **VISION**

The Vision of CLCD is to create a unique urban green space on the former CFB property that will bring together people of all ages and from different parts of the country, to experience cultural and recreational activities in a park setting. Such a park will revitalize the surrounding community, create employment, facilitate community involvement, and will reflect the history of the site in a way that promotes environmental awareness and stewardship of resources.

## **CORPORATE GOVERNANCE**

CLCD was incorporated on 17 July 1998 under the Canada Business Corporations Act as a wholly owned subsidiary of Canada Lands. CLCD and its Directors and Officers are subject to Part X of the Financial Administration Act. Twelve Directors will be appointed to CLCD and will receive information on their roles and responsibilities as Directors of a Crown corporation, and will be given the opportunity to participate in Corporate Governance courses offered by the Conference Board of Canada or other suitable institutions.

It will be necessary to establish an Audit Committee in the early part of 1999 so that an Audit Plan can be presented for approval for the year ending 31 March 2000.

Those policies and guidelines of Canada Lands, which apply to wholly owned subsidiaries will apply to CLCD.

## **PROPERTY MANAGEMENT SERVICES**

CLC's Property Management division has been responsible for the administration and management of leasing or licensing of vacant non-military use buildings and

lands. Interim and short-term uses of the property include movie productions and trade shows.

With the formation of CLCD and its greater mandate, a Property Management division will be established which will continue to cover all of the existing services, and provide expanded services to include property and facility maintenance. CLCD will apply industry standard property management fees for services on this project.

DND's current contract with a third party will not be renewed past the expiry date of March 31, 1999, as CLCD will create a property management division to take over the maintenance responsibility from the current manager. Direct involvement will allow CLCD to have greater control of expenses and provide for maximum operating flexibility. It has been suggested to DND that their on-going facility maintenance requirements could be consolidated into CLCD's property management services.

Currently, the Downsview property has 2.3 million gross sq. ft. of buildings of which 1.9 million sq. ft. are currently managed by CLCD. The area managed by CLCD is primarily in 3 facilities; Building 151 – 910,000 sq. ft.; Plant 1 – 112,000 sq. ft. ; and Plant 2 – 479,000 sq. ft.

The building area currently not managed by CLCD represents buildings still occupied by DND, most of which will be demolished once the proposed new Consolidated Military Facility is built.

## **MANAGEMENT SERVICES AGREEMENT**

CLC has been managing the Lands since January 1996 under a Management Agreement with DND. Given CLC's experience and involvement in the project, and in light of the self-financing goal of CLCD, it appears appropriate for CLC to continue providing management services to CLCD, at least on an interim basis, until the Board of CLCD decides otherwise. This agreement provides operational staff support along with specialized staff in Human Resources, Information Systems, Finance and Public Affairs. In this way, duplication of personnel and resources is avoided, along with the learning curve that would be necessary should new staff be employed in the initial stages of CLCD. As well, this includes the use of CLC's computer and management and accounting software. CLC has agreed to provide the services under this agreement at cost with no mark-up for profit.

## **DOWNSVIEW PARK**

To achieve the vision of a major park for the Greater Toronto Area, CLCD will embark on a design competition that will be international in scope. One of the key components of a successful competition is the selection of a professional park design advisor and the development of a competition design brief. The role of the professional advisor will be to work with CLCD staff and the Board of Directors to develop the design brief and manage the competition within the national and international rules and jurisdictions for competitions.

The role of the professional advisor will be the following: advise on the competition budget; advise on the composition of the jury; ensure that competitors are placed under uniform conditions; determine whether submissions comply with competition requirements; and serve on the evaluation committee.

In early 1999, CLCD will be working with this team to refine the program for the parkland, which will be the basis for the design competition. This will include identifying negotiable and non-negotiable park components. It is anticipated that the park design competition will commence in the summer, with the final design submissions to be received by the end of December 1999.

## **THE DOWNSVIEW FOUNDATION**

In 1994, the Government announced the closure of CFB and its intention to establish a major park on the site which would be held "in trust" primarily as a unique urban recreational green space for the enjoyment of future generations. The "trust" concept is being achieved through the transfer or lease of the parklands to CLCD by DND. It was also envisaged that a charitable foundation would be created to receive donations from individuals, groups and corporate entities to assist in the funding of the park. In April 1997, Treasury Board gave authority to create a federal non-profit entity, to be known as the Downsview Foundation. The funds raised through the Foundation will be used for charitable purposes in accordance with Revenue Canada's criteria for charitable organizations.

To date, the Foundation has not been incorporated and this will be one of the items to be dealt with by the Board of CLCD during 1999.

## **ENVIRONMENT**

Canada Lands' environmental policy which applies to its subsidiaries states that, "the Corporate operations will be conducted in compliance with applicable legal

requirements, environmental laws and regulations as set out from time to time by relevant authorities having jurisdiction over environmental matters." This policy will be followed for the development of the Lands.

## **MANAGEMENT INFORMATION SYSTEMS**

CLCD receives computing services from the Management Information Systems department of Canada Lands. These services include: use of the J. D. Edwards software suite consisting of general ledger, accounts payable, accounts receivable, budgeting, financing reporting, job costing and property management; hosting and support of CLCD's Internet site; use and support of Microsoft Office 97; electronic mail and calendaring using IBM AS/400 Officevision; network and computer hardware support.

CLC has put in place a comprehensive review process for the Year 2000 ("Y2K) calendar change. CLCD will be covered by this review for its full computing needs. Given the age of the buildings on-site, it is not anticipated there will be any significant problems stemming from building systems.

## **COMMUNICATION STRATEGY**

A long-term communications strategy is presently being developed for CLCD identifying the major communications stakeholders and objectives of the project. This will guide the event-specific communications plans that are put in place for each specific public and media issue or event.

During the past year, CLC, together with the City of Toronto Planning Department, received a Professional Merit Award at both the district and provincial levels in the "Communications/Public Education" category from the Ontario Professional Planners Institute.

## **CORPORATE OBJECTIVES FOR THE PLAN YEAR 1999/2000**

### **Planning and Sales**

1. Ratify the Official Plan Amendment (OPA 464) through the OMB.
2. Advance other sale or lease transactions and complete the required documentation.
3. Complete the transfer or long-term lease of the lands from DND.

### **Property Operations**

4. Enhance the revenue from on-going property rentals.
5. Assume the responsibility for facility and property management of the Lands.

### **Park Design**

6. Continue the design of infrastructure requirements.
7. Conclude the park design competition.
8. Select a proponent from the District Energy proposal call.
9. Maintain the on-going public consultation process.

### **Corporate**

10. Secure a financing facility from a lender.
11. Establish the Foundation.
12. Implement the resource structure of the Management Service Agreement.
13. Finalize the assessments required under the Canadian Environmental Assessment Act - CEAA.
14. Assist Canadian Forces Housing Authority in the development of a housing solution for the Permanent Married Quarters ("PMQ") on-site.
15. Advise DND with respect to the integration of its Consolidated Military Facility within a portion of the Lands.

**CLC DOWNSVIEW INC.**  
**STATEMENT OF OPERATIONS AND CASH FLOW**  
**FOR THE FIVE YEARS 1999 - 2000 TO 2003 - 2004**

\$ Millions

	1999	2000	2001	2002	2003	2004	Total
<b>REVENUE</b>							
Property sales			19.0	10.4	21.5	21.5	72.4
Cost of properties sold			19.0	8.3	17.2	17.2	61.7
Net property sales revenue				2.1	4.3	4.3	10.7
Rental	0.6	3.2	3.6	3.3	6.1	7.1	23.3
DND reimbursement of costs	0.4	2.4	1.2				3.6
Interest and other income					0.1	0.9	1.0
	1.0	5.6	4.8	5.4	10.5	12.3	38.6
<b>EXPENSES</b>							
General and administrative	0.6	1.6	1.6	1.6	1.6	1.1	7.5
Interest expense		0.3	0.3	0.8	1.8	2.3	5.5
Rental operating costs	1.2	2.4	4.2	4.5	4.9	5.3	21.3
Depreciation		0.1	0.7	1.1	1.5	1.8	5.2
Capital taxes			0.3	0.6	0.7	0.7	2.3
	1.8	4.4	7.1	8.6	10.5	11.2	41.8
<b>INCOME BEFORE TAX</b>	<b>(0.8)</b>	<b>1.2</b>	<b>(2.3)</b>	<b>(3.2)</b>		<b>1.1</b>	<b>(3.2)</b>
Income tax							
<b>NET INCOME</b>	<b>(0.8)</b>	<b>1.2</b>	<b>(2.3)</b>	<b>(3.2)</b>		<b>1.1</b>	<b>(3.2)</b>
Recovery of cost of properties sold			19.0	8.3	17.2	17.2	61.7
Depreciation		0.1	0.7	1.1	1.5	1.8	5.2
Capital expenditures	(1.4)	(3.5)	(25.7)	(18.1)	(19.3)	(13.2)	(79.8)
Land acquisitions			(51.0)	(40.0)			(91.0)
Vendor Mortgages				(8.3)	(13.0)	(4.4)	(25.7)
Government notes issued			51.0	40.0			91.0
Prepaid mortgage			3.1	4.5	(2.5)	(2.5)	2.6
Deposits		1.0	5.2	(0.1)	(0.7)	(1.1)	4.3
<b>CASH FLOW</b>	<b>(2.2)</b>	<b>(1.2)</b>		<b>(15.8)</b>	<b>(16.8)</b>	<b>(1.1)</b>	<b>(34.9)</b>