

Galleria Update

Cultural Trust

Recommendation:

That the May 26, 2015, Sustainable Development Report CR_2057, be received for information.

Report Summary

This report provides an update on the proposed Edmonton Cultural Trust Foundation, a registered charity, which will be the sole beneficiary of the Edmonton Galleria Project and its assets.

The Edmonton Cultural Trust Foundation has been created to provide a long term sustainable legacy for the arts and cultural community in Edmonton. Once the debt has been serviced, and after covering any operational shortfall for the theatres, all excess cash from the Galleria Project developments will flow to the Edmonton Cultural Trust Foundation.

Report

The advancement of the Galleria Project brings to our attention the question of the sustainability of such developments. The Edmonton Cultural Trust Foundation was created (as a registered charity) to ensure the viability of the Galleria.

Once debts have been serviced, covering any operational shortfall for the theatres, surplus funds will be directed towards the Edmonton Cultural Trust Foundation. These funds will be used to benefit the arts and culture community in Edmonton.

Pittsburgh Cultural Trust

The Pittsburgh Cultural Trust was a primary influence in the initiation of the Edmonton Cultural Trust Foundation. It has transformed a depressed section of downtown Pittsburgh into a world-class cultural district. It facilitates comprehensive educational and community engagement opportunities, collaborating with Cultural District resident companies and many local arts organizations and artists.

It attracts two million people annually to over 2000 annual events and activities, managing one million square feet of real estate. The trust has proven to be a viable force for the past 25 years, and is one of the largest Downtown Pittsburgh property owners.

During the G-20 Pittsburgh Summit, much attention was focused on the David L. Lawrence Convention Centre, in the heart of the Cultural District. This dynamic atmosphere set the ideal stage for an international summit on economic recovery as a

unique international model of urban revitalization through the arts and a model for successful marriages of public and private partnerships.

Pittsburgh disregarded the traditional approach to revitalization of other major American cities, forgoing the customary approach to revitalization via development of big box stores and highly commercial retail space for a thriving hub of world class art and entertainment. Downtown Pittsburgh's historical significance was preserved, and was a primary tool in leveraging the power of the arts to create an authentic destination and creating an estimated economic impact of \$303 million.

Edmonton Cultural Trust

Much like the Pittsburgh Cultural Trust, the Edmonton Cultural Trust Foundation will be the sole beneficiary of the Edmonton Galleria Projects and its assets. The Foundation is a 'partnership' benefiting the major arts and culture in Edmonton. This 'partnership' will be focused on the major arts and cultural facilities in the Downtown Arts District of 99 Street and the Edmonton Opera. The Edmonton Arts Council can also be a beneficiary.

Initially, the Edmonton Cultural Trust Foundation operating costs will be paid by the Edmonton Downtown Academic and Cultural Centre Foundation. It is estimated that the Edmonton Cultural Trust Foundation's approximate excess cash flow from the completed Galleria Project alone, in the first 30 years, will be \$250-\$300 million, as well as real estate equity valued at over \$200 million.

The Edmonton Cultural Trust Foundation, will be overseen by a diverse, community-based Board of Trustees including trustees who will act in the best interests of the members. Their plan will be to promote and provide sustainable funding for art and culture in Edmonton through excess cash flow from real estate developments or other developments. It will contribute to city-building by bringing components of the University of Alberta to downtown and creating a world class arts district. This district will start with the Galleria itself and run down 99 Street to Jasper Avenue and the Shaw Conference Center, for arts and entertainment.

The key objective is that all income and assets from the Galleria Project development will ultimately benefit the Edmonton Cultural Trust foundation as shown in Attachment 1. The major flagship Arts and Cultural Facilities in Edmonton have offered their support for the creation of the Trust (Attachment 2).

Structure

The Galleria Project will be built in phases. Each phase and building will have an individual Limited Partnership and General Partner, owned by the Galleria Business Trust. A similar structure will apply for each phase of the Galleria Project development so as to not cross-collateralize phases, as well as insulating the Trustees against liability.

Next Steps

On May 7, 2015, the Edmonton Cultural Trust Foundation announced the Founding Trustees and Executive Director (Attachment 3).

The Founding Trustees include: Dave Mowat, Jim Carter, Barry Zalmanowitz, Richard Cook, and Dianne Kipnes. An additional four trustees will be recruited to ensure a broad diversity. It is also proposed that initial advisors to the Trust would include Jim Brown and Irv Kipnes from the Edmonton Downtown Academic and Cultural Centre Foundation, and additional advisors representing the City of Edmonton and the Edmonton Arts Council.

The Founding Trustees and Executive Director (John Mahon) will be responsible for developing the Trust into an effective organization. This includes adding more Board members to broaden its diversity, creating a terms of reference, developing a governance structure, and putting administrative supports into place.

Policy

The proposed Edmonton Downtown Academic and Cultural Centre is consistent with the following policies:

- *The Way We Live*: Edmonton's People Plan
- Capital City Downtown Area Redevelopment Plan - Bylaw 15200

Attachments

1. Edmonton Downtown Academic and Cultural Centre Foundation and Edmonton Cultural Trust Foundation Funding Model
2. Letters of Support
3. Edmonton Cultural Trust Foundation - News Release