

## Downtown Event and Entertainment District – Updated Private Partner Agreement Framework – October 2025

### ISSUE

The Administration presented the Downtown Event and Entertainment District - Private Partner Agreement Framework report to the Governance and Priorities Committee on August 14, 2024, where the committee resolved, in part, to forward the report to the August 28, 2024 Regular Business Meeting of City Council as an approval report or at such time OVG360 (OVG) is able to be in attendance. What is the current status of negotiations with OVG?

### RECOMMENDATION

1. That the private partner Agreement Framework be approved;
2. That the Administration negotiate the Master Agreement based on the terms and requirements detailed in the Agreement Framework; and
3. That the City Solicitor prepare the appropriate agreements and the Mayor and the City Clerk be authorized to execute the agreements under the Corporate Seal.

### BACKGROUND

At its January 25, 2023 Regular Business Meeting, City Council received a report entitled "[Downtown District Event Centre and Convention Centre - Potential Private Partner](#)" and approved that the new event centre/arena and convention centre would be operated under third-party private management, subject to a competitive procurement process, resulting in a partnership arrangement of suitable benefit to the City of Saskatoon (City).

At its January 31, 2024 Regular Business Meeting, City Council received a report entitled "[Downtown Event and Entertainment District – Private Partner Procurement Approach](#)" that described the procurement process and Request for Proposals (RFP) evaluation criteria. City Council approved the procurement approach with the addition that the RFP include submission requirements relating to creating and sustaining good jobs, as well as an outline of any previous experience developing, implementing, and evaluating community benefit outcomes in other projects.

A Request for Qualifications (RFQ) was deployed to pre-qualify proponents based on their expertise, experience, capabilities, and other relevant qualifications for operations management of one, or both, of the future venues (event centre/arena and renovated and expanded convention centre and renovated theatre). The RFQ closed on January 23, 2024, and both proponents that submitted qualifications were pre-qualified for the RFP phase.

The RFP was issued on February 15, 2024, and closed on April 25, 2024, with both pre-qualified proponents providing proposal submissions. Following meetings for the

evaluation of the proposals, which were attended by a Fairness Monitor (P1 Consulting), the submission from OVG was deemed the highest scoring submission, and negotiations commenced on May 15, 2024.

Negotiations to date have focused on the development of an Agreement Framework, which outlines the key points of agreement between both parties that will then be used as the foundation for the development of the Master Agreement. The City's negotiation team is supported by a Deal Structure and Negotiations Advisor (Hunden Strategic Partners) and by an independent Legal Advisor (MLT Aikins LLP).

At its August 14, 2024 meeting, the Governance and Priorities Committee received an approval report entitled "[Downtown Event and Entertainment District – Private Partner Agreement Framework](#)," which outlined the Agreement Framework negotiated with OVG. The Committee resolved, in part:

- “2. That the report be forwarded to the August 28 Regular Business Meeting of City Council as an approval report or at such time OVG is able to be in attendance.”

At its September 25, 2024 meeting, City Council received an information report entitled "[Downtown Event and Entertainment District – Private Partner Agreement Framework Update](#)," which provided a brief update on the status of OVG's efforts to advance internal reviews of the Agreement Framework, and that the Administration would provide an update report to City Council with any proposed modifications to the Agreement Framework at such time that OVG is available to be in attendance.

In mid-October 2024, OVG contacted the Administration proposing some changes to the Agreement Framework. At that point, the City's negotiation team re-engaged in negotiations with OVG. This new round of negotiations concluded in mid-December 2024.

On January 22, 2025, the Administration received confirmation from OVG that they had completed their final review and formally approved the terms of the updated Agreement Framework.

At its April 9, 2025 meeting, the Governance and Priorities Committee received an information report entitled "[Downtown Event and Entertainment District – Private Partner Procurement Update – April 2025](#)," which outlined the Administration's intention to pause on bringing forward the private partner Agreement Framework to City Council for review and approval, for up to six months. The trade issues between Canada and the United States were beginning to significantly disrupt our economy, and the Administration hoped that this deferral would allow time for those issues to stabilize, as OVG has significant presence in the United States.

## DISCUSSION/ANALYSIS

An updated summary of the key principles for the Agreement Framework for the Private Partner Master Agreement is provided in Appendix 1. The Administration is pleased to report that all requirements outlined in the City’s RFP have been met, or exceeded, by OVG’s proposal and achievement of a contract is attainable.

Modifications to the Agreement Framework, compared to what was previously presented to the Governance and Priorities Committee in August 2024, are further discussed below. Negotiations considered the entirety of the Agreement Framework, including the upfront capital investment, OVG’s responsibilities for operating losses, the term and the incentive fee structure.

- The term of the agreement has been adjusted from the pre-opening period plus 25 years to the pre-opening period plus 15 years, with an option to extend the agreement for an additional 15 years;
- OVG’s capital contribution has been adjusted from \$20,000,000 to \$15,000,000;
- In the event that the arena is fully operational and the net operating income of the arena operations is a loss (i.e., there is negative net operating income, also referred to as an “Operating Loss”), in any given fiscal year, OVG shall assume full responsibility for such Operating Loss, ensuring that the City incurs no financial responsibility for an Operating Loss (see note 6 of Appendix 1); and
- The financial incentive fee structure has been adjusted as follows:

### Previous Agreement

Annual Event Profit	Percent to OVG	Percent to City
\$0 to \$2,000,000	10%	90%
\$2,000,000 to \$3,000,000	20%	80%
\$3,000,000 to \$4,000,000	30%	70%
Greater than \$4,000,000	40%	60%

### Revised Agreement

Annual Event Profit	Percent to OVG	Percent to City
\$0 to \$2,000,000	50%	50%
\$2,000,000 to \$4,000,000	0%	100%
\$4,000,000 to \$6,000,000	5%	95%
\$6,000,000 to \$8,000,000	10%	90%
Greater than \$8,000,000	15%	85%

An incentive fee structure was negotiated as part of the agreement as opposed to using only a management fee. Incentive fee structures link the operator’s compensation to the achievement of higher event profits, motivating the private partner to maximize performance and revenue, whereas management fees

provide fixed compensation regardless of results and may not encourage the same level of operational excellence or innovation.

The incentive structure is designed to motivate OVG to maximize profits, not just reach a minimum threshold.

Based on Administration's reasonably conservative financial analysis, Year 1 event profits are expected to exceed \$6 million, and increase over time. The City retains oversight and can address any concerns about underperformance through contract mechanisms. The incentive fee structure is a proven model for aligning operator interests with owner's goals for operational excellence and revenue growth.

A letter from OVG providing an overview of their approach to venue management is attached in Appendix 2.

### **FINANCIAL IMPLICATIONS**

Between the initial upfront capital contribution and annual revenue projections over the full potential 30-year term of the operating agreement, the total net cash flow to the City over this period that can be used towards the capital cost of the project, is projected to be \$250 million, assuming no additional financial incentives are received by the City for the 15-year renewal.

This includes \$15 million in up-front capital contribution and an additional \$235 million in forecasted operating revenue sharing over a 30-year agreement period. This compares favourably with the projected total net cash flow under the previous draft of the Agreement Framework at \$170 million, based on the same conservative event projections. Based on the 33-year funding strategy with 30-year debt repayment, this would provide approximately \$106 million in 2025 buying power/project funding.

### **OTHER IMPLICATIONS**

There are no communications, Triple Bottom Line, policy, privacy, or CPTED implications or considerations emerging from this report. These will be considered in future reports as required.

### **NEXT STEPS**

Subject to City Council's approval, the Administration will continue negotiations with OVG to develop a Master Agreement in alignment with the terms agreed to within the Agreement Framework. In the event that these negotiations result in a need to consider terms substantially outside of those previously agreed to within the Agreement Framework, the Administration would report back to City Council with a recommendation.

The Administration will continue to work towards bringing the assumptions included in the funding strategy to realization. This includes seeking out the necessary legislative changes, agreements, and further financial commitments with the provincial government and federal government.

**APPENDICES**

1. Updated Framework for Private Partner Master Agreement
2. OVG Letter
3. Confidential Solicitor/Client Privilege

Report Approval

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