

**Calgary Municipal Land Corporation Report to
Audit Committee
2024 June 13**

**ISC: UNRESTRICTED
AC2024-0436**

Calgary Municipal Land Corporation 2023 Annual Report

PURPOSE

This report is in response to the Audit Committee's request for an annual report on Calgary Municipal Land Corporation's board governance, financial and performance reporting, environmental, social and governance practices, risk management, and talent and culture insights from 2023.

PREVIOUS COUNCIL DIRECTION

The Audit Committee 2024 Work Plan includes a presentation from several civic partners on their 2023 annual report and Calgary Municipal Land Corporation was one of the partners selected to present this year.

The Audit Committee Bylaw 33M2020 provides that Audit Committee oversees its governance responsibility with audit committees of The City's major autonomous civic entities, as determined by the Audit Committee.

RECOMMENDATION(S):

That Audit Committee receive this report and presentation for the Corporate Record.

HIGHLIGHTS

The following is the outline of the information the Audit Committee have asked the Calgary Municipal Land Corporation to provide:

FINANCIAL AND PERFORMANCE REPORTING

Key Strategic Initiatives

In 2019, we identified four strategic priorities to focus our city-building efforts from 2020 to 2024 – the areas in which we believe we can have the greatest impact.

- Maximizing impact
- Relationship management
- Community-building innovation
- Excellence in project execution

At the end of 2023, we assessed our progress on each strategic pillar and set our sights on specific goals for the coming year.

Maximizing Impact

- Increased interest, investment, and development in the community
 - Signed LOIs with two interested developer partners for three East Village parcels
- Increased our impact by improving resource use and allocation, and sustaining project momentum

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- Advanced CMLC's strategic plan for the next planning cycle (2025-2029)
- Developed new integrated leadership team model to support internal leadership development
- Improved CMLC team capacity and capabilities to align with project lifecycles
 - Conducted developer and project partner 'differentiator survey' to assess CMLC's processes and procedures
 - Onboarded two new Board members and realigned Board committee membership with member expertise
- Grew employee engagement and accelerated new employee training
 - Initiated new mentorship program to grow engagement and skill development among CMLC staff
 - Conducted third annual staff engagement survey, with overall engagement remaining strong at 87 percent in 2023
 - Completed rollout of core competency model
 - Advanced annual work plans within IDEAS framework, focusing on leadership, learning, growth and practices

Relationship Management

- Forged new partnerships and maintained existing ones
 - Signed LOIs with new developer partner in East Village
 - Initiated new project governance structure and consultant team for Olympic Plaza Transformation
 - Signed development agreement with Attainable Homes for David D. Oughton project
- Fulfilled partner expectations with respect to project goals and continued to advance projects through supporting systems and processes
 - Led robust multi-partner district construction coordination program and delivered strategic communications plans in advance of major construction projects
 - Hosted 13 media events, garnering \$11 million in earned media value equivalence and achieving total reach of one billion
- Increased learning and collaboration through greater engagement with key City of Calgary departments
 - Worked with The City of Calgary and community partners as member of Downtown Safety Leadership Table
 - Provided Calgary City Council with quarterly updates on major CMLC-led projects
 - Collaborated with project and district partners and supported successful delivery of C+E projects through clear communications and construction coordination
 - Supported The City of Calgary's downtown revitalization strategy (Greater Downtown Plan) through marketing and brand development

Community Building Innovation

- Increased partnerships in community-building, contributing to long-term self-sustaining community programming targets
 - Delivered a range of programs with 683 program days, total visitation in East Village of over 93,000 and collaborations with 65 partners

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- Supported district construction coordination awareness through joint programming with Calgary Stampede, CSEC and the Green Line LRT team
- Hosted two Placemakers Speaker Series events focused on downtown revitalization and sustainability in public spaces
- Worked with The City to implement a second HELP team in East Village to support the existing team and elevate community support
- Tested new approaches in our project portfolio
 - Designed and launched Pixel Park—a new programming space in The C+E that includes Calgary’s first downtown supercharger location with Tesla Motors Canada
 - Conducted accessibility audit of CMLC’s digital platforms and launched new CMLC website
 - Hosted second BioBlitz on St. Patrick’s Island to assess biodiversity 10 years post revitalization
 - Announced major public art installation for the BMO Centre expansion project
 - Led transition from temporary to permanent platform at Victoria Park/Stampede LRT station and managed communications during associated partial closure of Red Line
 - Implemented new lighting program on Dermot Baldwin Way to increase visibility, vibrancy and safety
- Increased private investment
 - Broke ground on mixed-use condo project, EV606, with Alston Properties
 - BOSA Development launched sales for phase two of Arris (337 units)—East Village’s first new condo project in 5+ years
 - Welcomed new major retailer, Shoppers Drug Mart (opened December 2023)

Excellence in Project Execution

- Fulfilled project mandates, meeting or exceeding project goals
 - Completed design and construction of Pixel Park
 - Initiated construction of Stampede Trail
 - Managed selection and procurement of design team for Olympic Plaza Transformation and secured \$40 million from The City of Calgary for project design and initial project stages
 - Advanced BMO Centre building to fully weather-tight and energized
 - Transitioned commuters to new permanent platform on Victoria Park/Stampede Station rebuild project (December 2023)

Initiatives Within the Rivers District

CMLC aims to deliver a public infrastructure and placemaking program to attract private investment, stimulate CRL generation, and create a sustainable tax base for the City of Calgary as our shareholder through the following:

- East Village Infrastructure Upgrades & Maintenance
- Land Strategy and Activations

East Victoria Master Plan

- Victoria Park Infrastructure Upgrades

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- East Victoria Park Land Strategy
- 17th Avenue SE Extension + Stampede Trail LRT Rebuild
- District Wide Infrastructure
- Project Management
- Corporate Programming

Initiatives Outside the Rivers District

CMLC aims to create value (ROI) for CMLC and the City of Calgary as our shareholder by strategically selecting real estate development opportunities that not only support the organization's vision and mandate but also best utilize our core competencies.

We will seek the most effective way of delivering on the David D. Oughton project through collaboration with the private industry.

Financial Highlights

- Positive impact within the Rivers District through investment in Community
 - Completed Projects: Pixel Park and 5th Avenue Flyover Lighting
 - Ongoing Projects: BMO Centre expansion, Arts Commons Transformation, Olympic Plaza Transformation, 17th Avenue SE Extension and LRT Station Rebuild, Stampede Trail, East Village Maintenance
- Continued maintenance of completed Infrastructure assets saving the City on additional maintenance costs
- Clean auditor's opinion on financial statements
- Financial statements of CMLC are consolidated into the City financial statements

ENVIRONMENTAL, SOCIAL & GOVERNANCE PRACTICES

In 2021, CMLC embarked on creating a Climate Change Framework and Action Plan (FAP), by conducting a baseline analysis in 2021 of CMLC projects and operations to understand how we are addressing climate change. The FAP was approved by CMLC's Board of Directors in December of 2022.

Following this, CMLC researched framework strategies, actions and best practices completed by other jurisdictions and similar companies, compiling and cataloging these frameworks and actions in accordance with CMLC's baseline categories, IDEAS Focus Areas and government regulations.

In July of 2022, the City of Calgary's Council approved the Calgary Climate Strategy - Pathways to 2050 document, a strategic framework that will guide the City in its efforts to reach net zero by the year 2050. The City of Calgary's Mitigation Plan Themes were used to guide CMLC's Action Plan themes to ensure alignment with CMLC's Shareholder's (City of Calgary) strategic direction. The FAP Action Plan Themes are defined as critical areas of opportunity to reduce/minimize GHG emissions and responsibly grow knowledge of climate change and innovation in sustainable development.

CMLC's GHG emissions targets established in CMLC's Climate Change and Environmental Sustainability Framework and Action Plan align with the City's 2030 and 2050 emissions targets from the City's Calgary Climate Strategy.

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Sustainability & Accessibility

CMLC's IDEAS (Inclusion, Diversity, Accessibility and Sustainability) Strategy identifies four areas that encompass the range of learnings and opportunities that CMLC is committed to enhancing. The 4 focus areas are defined as:

Leadership - Leading, mobilizing, and inspiring efforts tied to reducing our climate change impacts and responding to challenges

Learning - Establishing and supporting a learning orientation at CMLC, growing our knowledge and understanding of climate change

Growth - Promote best-in class performance related to environmental sustainability to promote early adoption and innovation

Practices - Integrate climate change and sustainability into CMLC's procurement process. Build and strengthen industry relationships that align with CMLC's environmental goals

BOARD GOVERNANCE

CMLC's Board of Directors continues to provide strong, committed leadership to the company, and a subcommittee of the Board provides specific governance leadership. To further assist with governance, additional subcommittees focus on Compensation & Human Resources, Audit & Finance, and Environment, Health & Safety.

CMLC has staggered terms of appointment for the Board of Directors to ensure that there is continuity of Board of Directors and an appropriate balance of experience and fresh eyes. The Board's Governance Committee has developed criteria, including a skills matrix, for future Board candidates to ensure that we attract qualified and committed Calgarians. This recruitment process has produced a high-functioning Board, which is diverse and open to a wide variety of perspectives.

At an operational level, CMLC's management continues to update corporate policies and our employee and Board of Directors' manuals as necessary. CMLC will continue to operate in a transparent, timely, efficient manner and in the best interests of our shareholder, the City of Calgary.

The Board Terms of Reference are reviewed annually. There were no significant changes to the Committee Charter or Terms of Reference in 2023. Board composition is also reviewed on an annual basis to ensure adequate oversight is provided to CMLC.

Audit Committee Composition

Shannon Doram

Audit & Finance Committee Chair

Corporate Governance Committee Member

Shannon Doram joined the CMLC Board of Directors in 2019 and now serves as the Finance & Audit Committee Chair. Shannon has dedicated her career to community service, leadership, and social change. Her mission is simply to be a catalyst for health and happiness.

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By day Shannon is the CEO of YMCA Calgary, providing leadership to the Association and its Impact work. By night she is a coach, an athlete, and a tireless advocate for community health. Shannon is also a proud member of the Government of Alberta's non-profit Red Tape Reduction Committee.

Shannon is a leader who strives to inspire the best in those around her and sets high expectations to challenge conventional ways of working. She values relationships with community partners, spending time to understand common challenges and goals, and establishing alignment to amplify impact. A Kinesiology graduate from the University of Calgary and a proud alumnus of the University of Alberta's School of Public Health, Shannon has centered her career around building healthy communities.

Over the past six years, Shannon's team has led YMCA Calgary's doubling in size as part of a valued partnership with the City of Calgary. Together, they've opened two of the largest YMCAs in the World, extending the reach of the YMCA to more than 4 million Calgarians annually, across 10 YMCA locations and 40 community sites. YMCA Calgary now operates almost 800,000 sq ft in assets with the leadership of 2500 staff and volunteers. The organization navigated two difficult years of significant impacts from the COVID-19 pandemic under Shannon's leadership, and continues to be a strong, healthy partner in the community. In addition to her responsibilities locally, Shannon recently led a national innovation team on behalf of YMCAs in Canada, working to expand YMCA services across the country. She also hosted 130 North American CEOs and Board chairs for a multi-day learning experience and provides leadership to the YMCA's international partnerships in Bogota and Ukraine.

Kent Brown CPA, CA

Audit & Finance Committee Member

HR & Compensation Committee Member

Kent Brown joined the CMLC Board in 2021. Born and raised in Calgary, Kent is a Canadian entrepreneur who has focused on the climate tech sector for the past 20 years.

Founder and CEO of BluEarth Renewables, Kent and his team built a successful \$1.2 billion renewable energy platform before it sold in 2015. He is also the former CEO of Canadian Hydro Developers which was the largest Canadian renewable energy company when it sold in 2009.

With a passion for advising on climate technology and the impacts of climate change, Kent is an active mentor at the Creative Destruction Lab and was appointed by the Government of Alberta's Climate Change Advisory Panel in 2015 to co-lead and co-facilitate Electricity Stakeholder Technical Engagement sessions which lead to the Climate Leadership Plan. He also co-created The Catherine Bell & Kent Brown Awakened Company Award at the Smith School of Business at Queen's University.

Other affiliations: VEERUM (Board Chair), Canary Biofuels (Board Chair)

Rod Graham

Audit & Finance Committee Member

Environment, Health & Safety Committee Chair

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Rod Graham joined the CMLC Board of Directors in 2019. As a Senior Corporate Executive with extensive experience in sectors including financial/investment, modular construction, manufacturing, automotive and resource services. As Chief Executive Officer and President of First Industries Corporation and First Truck Centre, Rod has full responsibility for executing the strategic direction and ongoing operations of both companies.

As the former CEO of Horizon North, Rod is proud that the company became part of the solution to improve the level of accessibility and inclusiveness in the construction sector.

Rod has also been on a number of other public, private and not-for-profit boards, including the Business Council of Canada, the Dean's Advisory Council at Thompson Rivers University, the Young Presidents Organization. Rod was also previously on the Board of Directors for First Industries Corporation.

Rod holds an MBA from the University of Western Ontario, a Chartered Financial Analyst (CFA) designation from the CFA Institute and an Honors Bachelor of Business Administration from Wilfred Laurier University. He is also a graduate of the Institute of Corporate Directors (ICD) program.

ENTERPRISE RISK MANAGEMENT

CMLC's Enterprise Risk Management (ERM) program gives the organization a systematic approach to managing risk. The ERM program is embedded in CMLC's business activities to support effective project management and gives the Board, the Executive Leadership Team and the rest of the organization useful risk information to support strategic decision-making. The ERM program gives us a clearly defined risk governance structure with roles and responsibilities and alignment between strategic objectives and organizational risks. CMLC conducts bi-annual reviews of the ERM program.

Principal Financial risks faced by CMLC include:

- Inflation Escalation: impacts debt servicing, project delivery and prevents new projects from commencing.
- Mid to Long-term Funding: Risk of lower than expected CRL revenue and the availability of capital in the 5-10 year time frame ahead

Principal Operational risks faced by CMLC include:

- Project Control: lack of influence over interdependencies can create suboptimal outcomes and reputational risk
- Safety: balancing community safety with the needs of the vulnerable population whilst also mitigating the risk of losing private investment and public perception

The CMLC Enterprise Risk Management Function (ERMF) comprises the President and CEO, CFO / VP of Corporate Services, VP of Communications and Strategic Partnerships, Senior Director of Development and VP of Building and Infrastructure. The ERMF oversees the implementation and ongoing execution of risk management processes within their areas of

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responsibility, and report on CMLC consolidated enterprise-wide risks and risk management status to the Board on at least an annual basis.

CMLC's principal risks are documented in an ERM risk register. The risk register captures the risk event, risk cause, current mitigations and a risk assessment based on likelihood of occurrence and impact to CMLC. Where additional risk mitigation activities are identified, these are captured and assigned a risk owner.

CMLC reports principal risks to the Board Audit Committee on a semi-annual basis. Reporting includes principal risks; risk causes and impact to CMLC should they occur. Board reporting includes a heat map that illustrates how the likelihood of occurrence and impact of principal risks changes year over year.

- Information technology risk is mitigated by outsourcing IT to a consultant with an experienced team.
- Cybersecurity & financial risk is mitigated through certificates on Executive Leadership Team signatures and spending authorization processes. Cybersecurity insurance in place to transfer risk to a third party.
- The Board Audit Committee evaluates highest priority risks on a bi-annual basis.
- Safety risk is assessed through an independent third-party site audit on all CMLC developer sites to ensure they are complying with the Health and Safety standards.
- Project risk is monitored internally through regular variance (financial) analysis. Project risk is mitigated through Force Majeure contract clauses to hold the developer accountable for project delays.

TALENT AND CULTURE

In 2023, CMLC had no significant changes to our executive leadership.

Diversity, Equity & Inclusion

CMLC has established a Diversity, Equity, and Inclusion working group which focuses on five priority areas:

- Commitment to Education
- Workplace Fosters Diversity, Equity, and Inclusion
- Connecting with Underserved Communities
- Recruitment & Procurement
- Championing Talent

The DE&I Committee shares DE&I material on a regular basis through presentations, staff events, and reference guides. All employees are encouraged to share DE&I related information on our shared staff chat and every staff meeting includes a DE&I moment. CMLC's Marketing and Communication team promotes DE&I initiatives through content, programming and events. All DE&I material is stored on CMLC's intranet site for employees to easily access.

The priority areas align with CMLC's business plan and touch on every area within the organization. Each priority area has a designated lead and is tasked to deliver on action items

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within their action plans. Action plans are created and revised each year with the review and approval of the Executive Leadership Team. DE&I action plans and results are regularly reported to the Board of Directors.

CMLC's ethics and compliance of corporate policies are reported to the board on a quarterly basis.

DE&I initiatives are woven throughout the recruitment process for potential employees and board members. CMLC's job descriptions include our DE&I mission and are regularly audited to ensure inclusive language. Job postings are posted on various platforms to ensure a diverse candidate pool. When utilizing staffing agencies, CMLC confirms alignment of DE&I goals with the agency.

Employees and board members are required to sign off on the updated handbook and policies on an annual basis. CMLC's ethics and compliance of corporate policies are reported to the board on a quarterly basis.

Employees have access to our CFO & VP, Corporate Services and Human Resources Manager for any concerns. CMLC has a Whistleblower policy to ensure employees feel safe should they need to report any unethical occurrences. Further action may be taken at the discretion of HR and is dependent on nature of the situation. CMLC also offers employees access to the Employee Assistance Program and Sunlife Benefits, which offer third-party counselling to further support mental and physical health. Employees have the ability to expense counselling sessions through their Health Spending Account.

CMLC offers employees an attractive total rewards package aligned to industry peers which include competitive salary, a robust benefits package, educational assistance, coverage of annual membership fees, maternity leave top-up, health benefit spending account, minimum 15 vacation days, 6 personal days. CMLC participates in benchmarking initiatives and compensation surveys on an annual basis to remain competitive within the industry.

CMLC conducts an annual Employee Engagement survey measuring employee engagement and morale. Based on the results of the survey, further action is implemented. Results of the survey are communicated to the Board and employees. CMLC also has an active Social Committee which creates numerous opportunities for connection amongst staff.

Attachments to this report have been provided by Calgary Municipal Land Corporation to address Audit Committee's request.

ATTACHMENT(S)

1. ATT 1 - CMLC - AC2024 - Control Environment Assessment
2. ATT 2 - CMLC - AC2024 Management Representation Letter
3. ATT 3 - CMLC - AC 2024 - Finance & Audit Committee Mandate
4. ATT 4 - CMLC - AC 2024 - Finance & Audit Committee 2024 Workplan
5. ATT 5 - CMLC - AC 2024 - CMLC Risk Register

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6. ATT 6 - CMLC - AC2024 - YE Report 2023
7. ATT 7 - CMLC - AC2024 - Financial Statements 2023

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