

ATTACHMENT 1

September 9, 2009

To: The Board of Governors of Exhibition Place

From: Dianne Young, CEO, Exhibition Place  
Brenda Patterson, General Manager, Parks, Forestry & Recreation

Subject: **Upgrades to BMO Field at Exhibition Place and Allan Lamport Stadium**

Summary:

This report provides the principal terms and conditions of agreements to be entered into with Maple Leaf Sports & Entertainment Ltd. (MLSE), the City and the Board of Governors of Exhibition Place (Board) and agreements with MLSE, the City and the Toronto District School Board (TDSB) with respect to:

- (a) Replacement (by and at the sole cost of MLSE) of the current Field Turf field at BMO Field with a natural grass field at an estimated cost of \$3.5M;
- (b) Commitment of \$2.0M by MLSE for community sports facilities in the form of:
  - (i) the construction (by and at the sole cost of MLSE) of the necessary installations at Allan Lamport Stadium (Lamport) to allow for the relocation and erection of a winter bubble (the bubble presently used at BMO Field) at a cost of approximately \$1.2M with a licence to MLSE to use that part of Lamport as determined by Parks, Forestry and Recreation to operate the winter bubble community soccer operations only for the period of November 1<sup>st</sup> to April 30<sup>th</sup> in each year of the licence term which term will be co-terminus with the management agreement term for BMO field which expires on December 31, 2027; and
  - (ii) a commitment of approximately \$0.8M for the construction/installation of a Field Turf field at Lakeshore Collegiate Institute in Etobicoke (subject to an agreement between the City and the TDSB for use of such field for July and August of each year) or upgrades to such other sports facility in Ward 6 as determined by the General Manager, Parks, Forestry and Recreation Department in consultation with the Ward 6 Councillor.

All costs of construction (totaling \$5.5M) of the grass field at BMO Field; the winter bubble at Lamport; and the Field Turf field at Lakeshore Collegiate Institute will be solely at the cost of MLSE. In addition, MLSE will guarantee that there will be no lost income whatsoever to the BMO Field/Exhibition Place operations because of the conversion of BMO Field from field turf to natural grass which guarantee has a minimum value of \$0.182M each year.

Furthermore, at a minimum, MLSE is guaranteeing that MLSE will pay the City an amount of \$50,000 annually (escalated by CPI annually) to a Lamport Capital Reserve Fund to be set up by the City for replacement of the bubble and field turf at Lamport. In addition, the City will share with MLSE 50% of the net profits from Lamport which are estimated to be approximately \$22,000 annually. Finally, the Lakeshore Collegiate Institute site (or equivalent outdoor sport facility) has the potential of earning \$18,000 annually in rental revenues for the City based on the number of hours proposed to be booked in July and August each year as set out in Appendix “B” to this report.

From a community sports use perspective, the proposals noted above increase the potential community use by over one thousand (1,000) hours (with Lamport and BMO Field) as shown in Appendix “B” and by 2,849 hours if one adds the annual use of Lakeshore Collegiate Institute Field (or equivalent facility). In addition to this community use at BMO Field on natural grass, there will still be a right to use BMO Field by the City for 14 days, Ontario Soccer Association (OSA) for 6 days, Canadian Soccer Association (CSA) for 6 days, and the annual CNE for 18 days. The conversion of BMO Field to natural grass will be seen as a very positive direction by both the CSA and OSA for attracting major international teams to play in Toronto and also to attract premier FIFA competitions as stated by these organizations in letters attached as Appendices “C” and “D”.

### **Recommendation(s):**

#### **It is recommended that:**

- 1. The Letter of Intent (LOI) between the Board, the City and MLSE attached as Appendix “A” be approved:**
  - (a) by the Board, subject to approval of City Council, as such LOI amends the Management Agreement (between MLSE, the City and the Board with respect to BMO Field) and Team Licence Agreement (between MLSE, the City and the Board with respect to BMO Field) substantially on the terms and conditions outlined in Sections A and D of the LOI and such other terms and conditions as required by the Deputy City Manager & Chief Financial Officer, the CEO of Exhibition Place and the City Solicitor;**
  - (b) by City Council, as such LOI addresses the upgrades and uses of Lamport and a licence agreement for Lamport Stadium to MLSE substantially on the terms and conditions outlined in Sections B and D of the LOI and such other terms and conditions as required by the Deputy City Manager & Chief Financial Officer, the General Manager of Parks, Forestry & Recreation and the City Solicitor; and**
  - (c) by City Council, as such LOI addresses the upgrades and uses of Lakeshore Collegiate (or such other City or TDSB property located in Ward 6) substantially on the terms and conditions outlined in Sections C and D of the LOI and such other terms and conditions as required by the Deputy City Manager & Chief Financial Officer, the General Manager of Parks, Forestry & Recreation and the City Solicitor;**

- 2. City Council approve of the amendments to the Contribution Agreement between the City, the Province of Ontario and Government of Canada substantially on the terms and conditions outlined in paragraph 8 of the LOI between the Board, the City and MLSE attached as Appendix “A” to this report and such other terms and conditions as required by the Deputy City Manager & Chief Financial Officer and the City Solicitor;**
- 3. City Council approve of establishing an obligatory interest bearing reserve fund, called the “Allan Lamport Stadium Reserve Fund” to provide a source of funding for capital improvements for Lamport and the \$50,000 annual payment from MLSE to the City be paid into this Reserve Fund;**
- 4. The approval of the Board and City Council be expressly subject to receipt of approval from the TDSB (if required), the Province of Ontario and the Government of Canada and in the event that these preconditions are not satisfied and are not waived, the parties shall each have a right to terminate the LOI in which event, the parties shall remain responsible for their own costs incurred to the date of termination; and,**
- 5. That City Council declare the proposed upgraded Lamport Stadium to be a municipal capital facility for the purposes of the municipality and public use pursuant to section 252 of the *City of Toronto Act, 2006*, and pass a by-law to authorize the entering into of an agreement for the provision of the facility, and request the City Clerk to give notice of the municipal capital facility by-law as required under the *City of Toronto Act, 2006*.**

Financial Impact:

The recommendations in this report will result in a capital investment of \$5.5M solely by MLSE in the Exhibition Place site, Lamport Stadium and Lakeshore (Etobicoke) Collegiate Sports Field (or other sport facility within Ward 6) for upgrading all three venues in the specific amounts as noted above in this report.

On the basis of the financial proformas provided by MLSE, the upgrades to be installed will result in minimum additional income of \$50,000 for the City to be paid into the Lamport Capital Reserve Fund and additionally, there is the potential that the City (Parks, Forestry and Recreation Department) will earn approximately \$22,000 from its 50% share of net profits from Lamport community use. In addition, the City Parks, Forestry and Recreation Department has the potential of earning \$18,000 from summer rentals of a upgraded field either at Lakeshore Collegiate or another sports facility within Ward 6.

MLSE has guaranteed that the proposed amendments in the Board agreements will have no negative financial impact on Exhibition Place revenues which guarantee has a value of \$182,000 annually. The change to natural grass at BMO Field has the potential of positive revenues to Exhibition Place from BMO Field operations of 50% of \$75,000 if just one major international soccer event is booked at BMO Field each year.

### Decision History:

At its meeting of October 2005, the Board approved of entering into a project (construction) agreement, a management agreement and facility usage agreements between the Board, the City and MLSE.

At its meeting of October 26, 27, 28 and 31, 2005, City Council approved of Clause No. 36 of Report No. 9 of the Policy & Finance Committee which basically adopted the report and recommendations of the Board. In accordance with the Council authority, the Board, City, MLSE (as manager) and MLSE (as owner of Toronto FC) entered into a Management Agreement and Team Licence Agreement with respect to BMO Field.

### Comments:

The construction of the BMO Field soccer stadium which totaled \$62.8M was dependent on funding by the various levels of government (Federal \$27.2M; Provincial \$7.8M; Toronto \$9.8M; MLSE \$18.0M). Justification for the provision of government funding in 2005/6 was the commitment by FIFA and the Canadian Soccer Association (CSA) to hold the FIFA Men's Under 20 World Youth Championship in Canada in 2007 with Toronto being the host city where the final match was played. An economic impact analysis of the FIFA event showed total direct spending impact of this Championship in six cities in Canada of \$12.3M and indirect and induced spending of \$5.4M with the economic impact for Toronto being \$1.5M and \$2.1M respectively. This FIFA Championship was considered by all participants to be a resounding success.

The positive experience (both financially and entertainment value) of BMO Field soccer stadium post-FIFA Championship has been far above any projected expectations. Home to the Toronto FC, the stadium is sold out (20,000 seats) for each of the 20 home/friendly games. In addition, since its construction in 2006/07, the stadium was the site for the 2007 Genesis World Tour, the 2008 Major League All-Star Game and in 2009 hosted an exhibition game between the Toronto FC and Real Madrid and then during the 2009 CNE, hosted an exhibition game between Portugal's Benfica and Scotland's Celtics. The economic impact of all these major events for the City of Toronto would be in the range of \$10.0M to \$15.0M. In addition to these economic impacts, since opening, the stadium has contributed a total of \$2.1M (2007 – 2009) to Exhibition Place revenues in the form of a share of net profit from BMO Field and parking revenues.

The other major impact of BMO Field has been its contribution to community sports for the City and its residents which again was a major factor for the various levels of governments that contributed to the funding of this soccer stadium with its winter bubble. BMO Field has been very successful in attracting community soccer teams and as shown on Appendix "B". In 2008 the community used this facility a total of 4,895 hours and in addition to this use, the following organizations have rights to use the field:

- Canada Soccer Association for 6 days

- Ontario Soccer Association for 6 days
- City of Toronto for recreation use for 14 days
- Canadian National Exhibition (CNE) for 18 days
- City/Board can use the stadium for World's Fair and Olympics or other international events; for example, BMO Field is part of the City's 2014 Pan Am Bid

## Lamport Stadium

Parks, Forestry and Recreation Department operates and programs Lamport Stadium for a variety of activities including soccer, field hockey, lacrosse, football, baseball and several significant community events from May 1<sup>st</sup> to October 31<sup>st</sup> each year. The stadium has lights, a public address system, a scoreboard, parking and ticket-taking facilities. A new artificial Field Turf surface was added in 2007 and, with the addition of a temporary solid surface, Lamport is capable of hosting many non-traditional events.

The prospect of a seasonal dome over the stadium surface will allow for year-round use of this downtown facility and expand the recreational opportunities throughout the year. This will greatly assist in meeting the demand for indoor soccer during the winter season.

With respect to the future replacement of the Field Turf and the Bubble at Lamport, it is estimated that the existing Field Turf (installed in 2008 at Lamport) will have to be replaced in 2016 at a cost of \$500,000 and the bubble (purchased in 2007 for BMO Field) will have to be replaced in 2026 at approximately \$800,000. Accordingly, a guaranteed contribution of \$50,000 annually by MLSE to the Lamport Capital Reserve Fund should result in sufficient funds to pay for 50% of these replacements as they are required.

## Risk of the Proposal

The risk to the Board/City of this proposal is no greater than the risk the Board/City has under the present agreements with MLSE relating to BMO Field. While it has not happened in the first three years of operations, if, for whatever reason, the MLSE projections are not achieved, then 50% of the operating deficits and any shortfalls in the capital funding must be funded by the Board/City. Pursuant to the existing agreements between the City/Board and MLSE, MLSE has provided a one-time non-revolving fund of \$250,000 to address operating shortfalls in the first instance. None of these funds have been used to date. However, if the \$250,000 fund is depleted, remaining operating shortfalls are to be funded equally by MLSE and the Board.

This risk profile has not been changed by this new proposal however, MLSE has provided within the LOI additional annual guarantees which total \$0.331M annually and are as follows:

- Guarantee payment to the City as part of the Lamport bubble operations lease \$50,000 which the City will set aside in a Lamport Capital Reserve Fund
- Payment to the City of 50% of any net revenues from Lamport estimated to be in the range of \$22,000

- Guarantee payment to BMO Field of lost community use income of \$112,000 annually (increased by CPI annually)
- Guarantee payment to Exhibition Place of lost parking income of \$70,000 annually (increased by CPI annually)
- Guarantee payment by Toronto FC to BMO Field of all added maintenance costs resulting from having natural grass rather than field turf. Toronto FC will pay BMO Field the difference between the cost of maintaining the natural grass in any year less the 2008 cost of maintaining the field turf (as this 2008 field turf cost is increased by CPI annually)

### Municipal Capital Facility

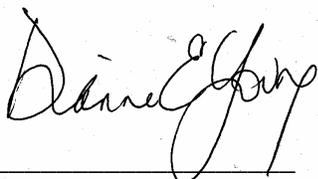
Given the public-private nature of the proposed project, which will result in the major renovation to the field costing approximately \$5.5M all of which is to be paid by MLSE to build the necessary infrastructure for the installation of a winter bubble on the field and the long term licence agreement between the City and MLSE from November 1<sup>st</sup> to April 30<sup>th</sup> each year to operate the bubble for community purposes, the City Solicitor has advised that it is appropriate that City Council declare the Lamport facility as a municipal capital facility and pass a by-law to authorize an agreement for the licensing of the facility and provision of the winter bubble to the Parks, Forestry and Recreation Department of the City of Toronto.

#### Contact:

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Submitted by:



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Dianne Young, CEO  
Exhibition Place



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Brenda Patterson, General Manager  
Parks, Forestry & Recreation

## Appendix "A"

September 9, 2009

Delivered

The Board of Governors of Exhibition Place  
Queen Elizabeth Building  
Exhibition Place  
Toronto, ON M6K 3C6

Attention: Dianne Young  
Chief Executive Officer

City of Toronto  
Toronto City Hall, 2nd Floor  
100 Queen St. West  
Toronto ON M5H 2N2

Attention: Mr. Joe Pennachetti  
City Manager

Dear Sir and Madam:

Re: Proposal for Relocation of Bubble to Lamport Stadium/Implementation of Natural Grass Field at Soccer Stadium at Exhibition Place

This Letter of Intent ("LOI") will summarize a potential framework for agreement by The Board of Governors of Exhibition Place (the "Board") and the City of Toronto (the "City") to the proposal by Maple Leaf Sports & Entertainment Ltd. ("MLSE") to undertake, at its sole cost, the:

- (a) Replacement of the current artificial turf field at the Soccer Stadium (BMO Field) at Exhibition Place (the "Soccer Stadium") with a highest quality level grass field;
- (b) Relocation of the current winter bubble at the Soccer Stadium to Allan Lamport Stadium ("Lamport Stadium"); and
- (c) Rebuilding of a proper artificial turf field at Lakeshore Collegiate Institute in Etobicoke by agreement with the Toronto District School Board ("TDSB") **OR**, in the event that an agreement cannot be finalized with respect to Lakeshore Collegiate, upgrading of a City Parks facility for community sports purposes as selected by the City in its sole and unfettered discretion with an equivalent monetary value (being \$2 million less the cost to complete the Lamport Stadium improvements).

**1. Pre-Conditions:**

The parties acknowledge and agree that any agreement to this proposal by the Board, City and MLSE will be subject to the receipt of approvals from the Board, City Council, the TDSB, the Province of Ontario ("Ontario") and the Government of Canada ("Canada"). MLSE agrees that it shall be responsible for obtaining and securing the approval of the TDSB. The City and the Board agree that they shall be responsible for obtaining the approval of Ontario and Canada. The approvals from Ontario, Canada and the TDSB shall be satisfactory to MLSE, the Board and the City on the terms as contemplated in this LOI.

In the event that the terms of any approval have a material adverse impact on the transactions as contemplated in this LOI (including the rights and obligations of the parties) as determined by a party in its sole and unfettered discretion, any affected party may terminate this LOI and the parties shall have no liability to each other as a result of a failure to obtain acceptable approvals. The parties agree that, in the event that these approvals cannot be obtained by November 27, 2009 that MLSE shall proceed to deploy the winter bubble at the Soccer Stadium, and in the event that these approvals are still not received by January 1, 2010, that MLSE shall proceed to take whatever action is required in accordance with the Soccer Stadium Management Agreement to ensure that the Soccer Stadium is ready for use in Spring 2010. Despite the foregoing, the parties acknowledge and agree that in the event that the approval of the TDSB cannot be obtained on or before October 1, 2009 for a facility at Lakeshore Collegiate, then MLSE shall not be entitled to terminate this LOI but shall be required to provide an upgrade to a City Parks facility for community sports purposes as selected by the City in its sole and unfettered discretion with an equivalent monetary value (being \$2 million less the cost to complete the Lamport Stadium improvements).

**2. Timing:** The parties are entering into this arrangement on the understanding that all construction shall be completed by MLSE, at its sole cost (including any cost overruns or environmental remediation) so as to allow the new facilities at the Soccer Stadium, Allan Lamport Stadium and Lakeshore Collegiate to be available for use by the dates as set out below, subject to such reasonable and unavoidable delays in construction as may occur. MLSE agrees that, despite any delay in the completion of construction, it shall remain responsible for completing these new facilities and, in the interim, satisfying community use requirements and all guaranteed payments. Despite the foregoing, MLSE also agrees that it shall, as indicated in section 4(b) below, immediately upon receipt of all required approvals commence excavations at Lamport Stadium in order to allow the parties to determine any environmental remediation requirements and decide whether to proceed with the contemplated arrangements.

**3. Agreement Framework:** The parties acknowledge and agree that implementation of the terms of this LOI will require the negotiation and finalization of the following long form agreements on terms satisfactory to the parties:

- (a) Agreement to amend the current Management Agreement (January 1, 2007) between the Board, City and MLSE for the Soccer Stadium to reflect the terms as set out in this LOI;
- (b) Agreement to amend the current Team Licence and User Agreement (January 1, 2007) between the Board, MLSE and MLS Canada U.L.C. to reflect the terms as set out in this LOI
- (c) License Agreement to allow MLSE to operate the bubble and field at Lamport Stadium on an annual basis during the winter season for a term to coincide with the term of the Management Agreement;
- (d) Agreement to amend the Contribution Agreement (June, 2006) between the City, Ontario and Canada to reflect the terms of this LOI; and
- (e) Agreement between the City, TDSB and MLSE to permit the construction of the artificial turf field at Lakeshore Collegiate and provide the City with exclusive use and revenues from the field during the months of July and August, on the terms as set out in this LOI, **OR** an agreement between the City and MLSE requiring MLSE to provide an upgrade to a City Parks facility for community sports purposes as selected by the City in its sole and unfettered discretion with an equivalent monetary value (being \$2 million less the cost to complete the Lamport Stadium improvements).

#### 4. Costs/Remediation Costs:

- (a) Except as otherwise explicitly set out in this LOI, all costs of construction contemplated under the terms of this LOI shall be for the sole account of MLSE.
- (b) The parties agree that MLSE shall, upon receipt of the approvals required in section 1, immediately commence excavations as required for the installation of the bubble at Lamport Stadium. In the event that environmental remediation is required by the *Environmental Protection Act* (and associated regulation) (the "Act") to proceed with the construction of the bubble at Lamport Stadium or Lakeshore Collegiate (or other selected Parks site) as a result of preliminary excavations of the work area by MLSE, then MLSE agrees to assume the costs of the remediation to such areas as required by the Act. In the event that MLSE is unwilling, within thirty (30) days from the date that it is evident that remediation is required, to assume such costs, MLSE or the City/Board may immediately terminate this LOI and all agreements contemplated hereunder. In the event of termination, MLSE shall bear the cost of any work required to restore the areas so disturbed by MLSE to their previous condition and remediate as required by the Act. MLSE agrees that it shall then proceed with the deployment of with winter bubble at the Soccer Stadium in accordance with the Management Agreement for the 2009/2010 season as contemplated under the Soccer Stadium Agreement.

### SECTION A

#### 5. Soccer Stadium Management/Team Licence Agreements

Minimum Grass Field Specifications: The level grass field to be constructed at the Soccer Stadium will be of the highest quality and shall conform to all CSA, Major League Soccer ("MLS") and Federation Internationale de Football Association ("FIFA") specifications and requirements (the "Minimum Specifications").

- (a) Construction: The construction and installation of the grass field shall be undertaken by MLSE at an estimated cost of \$3.5 million, at its sole expense (including cost overruns and any required environmental remediation) and completed by May 1, 2010, subject to the following:
- i. MLSE shall, prior to commencing construction, obtain all necessary permits and approvals at its sole expense.
  - ii. Union and trade association agreements for Exhibition Place shall apply to the construction work and MLSE shall ensure that all work is done in compliance with those agreements;
  - iii. Representatives and consultants (if any) of the Board/City shall be entitled to regular periodic updates and reviews from MLSE as to material/significant matters during the pre-construction and construction process with reasonable access to the site and to all relevant plans, drawings, development documentation and other relevant materials. The Board/City shall promptly identify any concerns arising as a result of such updates and reviews.
  - iv. MLSE shall comply with the holdback provisions of the *Construction Lien Act* and shall forthwith cause any such liens to be removed. MLSE shall indemnify the Board/City against any and all claims, loss, costs and expenses as a result of any lien or claims for lien.

- v. MLSE shall ensure that performance bonds, labour and materials bonds and construction period insurance have been provided or arranged to the satisfaction of the City's Manager of Insurance and Risk Management.
  - vi. Substantial completion shall be in accordance with the substantial performance requirements of the *Construction Lien Act* in time to allow the use of the grass field to commence by May 1, 2010, (provided that MLSE shall have no liability to the Board/City for its failure to achieve substantial completion by the date stipulated herein, to the extent that such failure is directly attributable to the inability of MLSE to obtain all necessary permits and approvals solely as the result of unreasonable delays in the processing of such permits or approvals.)
  - vii. MLSE shall ensure that all third party agreements for the construction and related services contain the usual events of defaults and remedies, including termination.
  - viii. MLSE shall ensure that all principal construction and consulting agreements entered into by MLSE shall permit the Board/City to assume MLSE's position if the Management Agreement is terminated.
  - ix. MLSE shall be responsible, at its expense, for the repair or restoration of any damage or other disturbance to the Soccer Stadium or Exhibition Place as a result of the construction and installation of the grass field.
- (b) Future Maintenance: Toronto FC shall reimburse the Soccer Stadium (i.e the Owner as represented by its Manager) for the "Incremental Maintenance Costs" (defined as the difference between the annual cost of \$86,000 (amount to be increased annually by the amount of any increase in CPI) to maintain the current artificial turf and the annual cost to maintain the grass field). MLSE agrees that it shall ensure that Toronto FC and MLS execute an amendment to the Team License and User Agreement to this effect.
- (c) Guaranteed Payments: MLSE shall guarantee on an annual basis for the remainder of the term of the Management Agreement and the Lamport Agreement:
- i. the payment by MLSE to the Soccer Stadium revenues of \$112,000 annually in compensation for lost "bubble revenue" (amount to be increased annually by the amount of any increase in CPI);
  - ii. the payment by MLSE to the Board of \$70,000 (amount to be increased annually by the amount of any increase in CPI) in compensation for lost "community event" parking revenues.
- (d) Lamport Stadium/Lake Shore Collegiate Agreements: MLSE shall contribute a total of \$2 million to the City for community sports purposes by entering into the other agreements as contemplated under this LOI and shall construct the facilities as contemplated therein. Any breach of those agreements shall be a breach of the Management Agreement, provided that both the Lamport Stadium and Lake Shore Collegiate Agreements shall contain an appropriate provision allowing for the periodic review of the operation of the facilities by the parties based on continued relevance and community need (subject to the requirements of Ontario and Canada). In the event that agreement cannot be reached with the TDSB for Lakeshore Collegiate, MLSE shall be required to provide an upgrade to a City Parks facility for community sports purposes as selected by the City in its sole and unfettered discretion with an equivalent monetary value (being \$2 million less the cost to complete the Lamport Stadium improvements).

- (e) Community Use Requirements: The 50% community use requirement in the Management Agreement shall be replaced with the agreement of the parties that the Soccer Stadium shall be made available for Community Sports Purposes, as permitted by weather conditions, a minimum of 12 hours per week during the months of April to October. The transfer in use by the public to Lamport Stadium shall not affect the rights for use of the Soccer Stadium by the City of Toronto (14 days), the CNE (18 days), Ontario Soccer Association (6 days), Canadian Soccer Association (6 days) and other events as set out in the Management Agreement (Olympics, World's Fair, etc.). MLSE represents and agrees that it shall, in its operation of the Lamport Stadium at all times maximize the use of the facility for Community Sports Purposes so as to make available a level of community use equal to the potential number of community use hours (e.g. 4895 in 2008) made available through the 50% community use requirement in the Management Agreement. Subject to its rights to terminate this LOI under section 1 and not proceed with the transactions, MLSE agrees that it shall assume full responsibility for the performance of any obligation imposed by Ontario and Canada on the City/Board with respect to community use as a condition of approving the transactions contemplated in this LOI.
- (f) Level of Community Use: MLSE agrees that, in the event that the combined number of community use hours made available from the use of Lamport Stadium during the Winter Use Season and the use of the new soccer field at Lakeshore Collegiate (or other selected Parks site) by the City fall below the potential number of community use hours made available through the 50% community use requirement imposed by Ontario and Canada with respect to the Soccer Stadium, MLSE shall identify and provide to the City for approval, additional proposals to be undertaken by MLSE for generating additional community use, all at the sole cost of MLSE.

## SECTION B

### **6. Lamport Stadium Agreement:**

- (a) Term: The term of the licence agreement shall be equal to the remaining term of the Management Agreement and Team User and Licence Agreement (i.e. until December 31, 2027).
- (b) Municipal Capital Facility: The facility shall be declared by the City to be a municipal capital facility for City and public use for recreational purposes.
- (c) Payments: MLSE shall pay the following on an annual basis:
- i. Guaranteed annual capital reserve contribution of \$50,000 (increased annually by the amount of any increase in CPI) to the City to be used solely for capital repairs to the bubble and the field;
  - ii. Percentage Rent to the City equal to fifty percent (50%) of "Excess Revenues" (defined as the gross revenues, less operating costs, from the Lamport bubble operation, including the guaranteed payments to be made by MLSE under section (i) above and under the Soccer Stadium Agreement (see sections 5(c)(i) and 5(c)(ii)), and
  - iii. Nominal base rent to the City of \$2.00.

- (d) **Construction:** MLSE shall, at its sole expense (including any cost overruns and environmental remediation), relocate the winter bubble from the Soccer Stadium and install it at Lamport Stadium (including construction of the required concrete ringbeam) and upgrade the field so as to commence operation by November 27, 2009. The scope of the required construction work shall include at a minimum those items listed in Schedule "A" to this LOI. Construction shall be undertaken in accordance with:
- i. the design, plans and specifications as approved by City
  - ii. a construction schedule to be approved by the City; and
  - iii. the following general terms:
    1. MLSE shall, prior to commencing construction, obtain all necessary permits and approvals at its sole expense.
    2. Representatives and consultants (if any) of the City shall be entitled to regular periodic updates and reviews from MLSE as to material/significant matters during the pre-construction and construction process with reasonable access to the site and to all relevant plans, drawings, development documentation and other relevant materials. The City shall promptly identify any concerns arising as a result of such updates and reviews.
    3. MLSE shall work closely with the City and obtain the approval of the City and its consultants on an ongoing basis, through finalization of the construction schedule, project budget, working drawings, tender packages and contract awards and the carrying out of construction.
    4. MLSE shall retain a general contractor through an arm's length bidding process consistent with fair industry practice.
    5. The construction work shall be done in compliance with the City's Fair Wage policy and all union and trade association agreements applicable to the Licensed Property, including the agreements contained in Schedule "C".
    6. MLSE shall retain the engineer, architect and/or any other necessary design or construction consultants. MLSE shall keep the City fully informed as to such process.
    7. MLSE shall comply with the holdback provisions of the *Construction Lien Act* and shall forthwith cause any such liens to be removed. MLSE shall indemnify the City against any and all claims, loss, costs and expenses as a result of any lien or claims for lien.
    8. MLSE shall ensure that performance bonds, labour and materials bonds and construction period insurance have been provided or arranged to the satisfaction of the City's Manager of Insurance and Risk Management.

9. MLSE shall make commercially reasonable best efforts to ensure that substantial completion in accordance with the substantial performance requirements of the *Construction Lien Act* occurs in time to allow the public use of the winter bubble and field to commence by November 27, 2009.
  10. MLSE shall ensure that all principal construction and consulting agreements entered into by MLSE shall permit the City to assume MLSE's position if the Lamport Stadium Agreement is terminated
- (e) Operation of Facility: MLSE shall be granted the right during the Term to operate the winter bubble, playing field and associated facilities at Lamport Stadium as shown on Schedule "B" to this LOI (the "Licensed Property") on an annual basis during the period from November 1 to April 30 of each winter season (the "Winter Use Period"). The terms of such use shall be negotiated between the City and MLSE and contained in a long form agreement, and shall include the following:
- i. Permitted Use: MLSE shall use the Licensed Property solely for the purposes of permitting use by the City and the public for non-professional recreational multi-sport activities, which would include use by the Ontario Soccer Association, Canadian Soccer Association, community sports recreation associations or clubs, City Parks programs, and the Olympics or Pan-American Games ("**Community Sports Purposes**") during the Winter Use Period. MLSE represents and agrees that it shall, in its operation of the Licensed Property at all times maximize the use of the facility for Community Sports Purposes as required under the Soccer Stadium Agreement (see section 5(e)).
  - ii. Deployment of Bubble: The winter bubble shall be deployed in each Winter Use Period no later than November 1 and taken down no earlier than April 30.
  - iii. Summer Access: MLSE may, on reasonable notice to the City, have access to the Licensed premises other than during the Winter Use period for the purposes of inspecting and/or preparing the premises for use during the Winter Use Period.
  - iv. Operating Costs: MLSE shall, except as otherwise provided, be solely responsible for any incremental operating costs at Lamport Stadium associated with the deployment, operation and take down and storage of the bubble during the Winter Use Period. These costs shall, without limiting the generality hereof, include:
    1. a contribution of operating funding to address normal maintenance and operational costs of the bathrooms, change rooms and areas required for access to the bubble; and
    2. the payment of increased utility costs, the repair of damage to the Licensed Property during the Winter Use Period, winter maintenance costs for the removal of snow and ice from the bubble and surrounding area and increased security costs as a result of the presence of the bubble.

- v. Taxes: MLSE shall be responsible for any taxes, including property taxes, payable as a result of the use and occupancy of the property by MLSE.
- vi. Fees: MLSE shall have the right to establish fees for the use of the Licensed Property during the Winter Use Period, subject to the approval of the City, acting reasonably, and the condition that the amount of such fees shall not exceed the hourly rental rates for the use of playing fields of similar quality within the Greater Toronto Area (defined as the area comprised of the City of Toronto and Regions of Durham, Peel and York).
- vii. Operational Requirements: MLSE's right to use of the Licensed Property during the Winter Use Period shall be subject to the following requirements:
  1. The provision of an annual operating budget no later than July 31<sup>st</sup> for the upcoming year commencing January 1<sup>st</sup> for the information of the City along with business plan supporting that budget;
  2. The annual maintenance work to put up and take down the bubble shall be done by MLSE at its expense;
  3. Bubble/Field Capital Reserve: The City will cause a segregated interest bearing capital reserve account to be established to fund capital expenditures (i.e. as defined by GAAP) for the bubble and the field, and the City and MLSE shall contribute a total of \$50,000 per year to fund capital expenditures in respect of the bubble and field as contemplated in the Annual Capital Plan. All capital repairs shall be identified, approved and performed by the City, in its sole discretion.
- (f) Records: MLSE shall keep full and accurate records relating to all aspects of the management and operation of the Licensed Property in accordance with Generally Accepted Accounting Principles, consistently applied, as contained in the Canadian Institute of Chartered Accountants Handbook. MLSE shall keep and preserve all records, including rental agreements, purchase orders, invoices and other evidence of revenues and expenses. MLSE shall give the City's authorized representatives access to and the right to review all books and records upon reasonable prior notice.
- (g) Lakeshore Collegiate Agreement: The City and MLSE shall enter into an agreement with TDSB for the construction of a new artificial soccer field at Lakeshore Collegiate (or upgrade a selected Parks site) on the terms as discussed in section 7 below.
- (h) Level of Community Use: MLSE agrees that, in the event that the combined number of community use hours made available from the use of Lamport Stadium during the Winter Use Season and the use of the new soccer field at Lakeshore Collegiate (or other selected Parks site) by the City falls below the potential number of community use hours (e.g. 4895 in 2008) made available through the 50% of community use requirement for the Soccer Stadium pursuant to the Management Agreement, MLSE shall identify and provide the City with additional proposals for generating additional community use, all at the sole cost of MLSE.
- (i) Naming Rights: The rights granted to MLSE under the Agreement shall not include the right to sell the naming rights for the Licensed Property.

- (j) Damage and Destruction: In the event that the Licensed Property is damaged or destroyed to the extent that there is a material adverse effect on the operation of the Licensed Property (“Major Destruction”), then either party may elect to terminate this Agreement, and the rights and obligations of the parties under the Agreement shall be at an end.
- (k) Other Commercial Terms: The Agreement shall contain such other terms as may be agreed by the parties and are satisfactory to the General Manager of Parks, Forestry and Recreation,, the Deputy City Manager & Chief Financial Officer and the City Solicitor, which shall include the following:
- i. MLSE shall be responsible for obtaining and maintaining the following insurance in respect of the Licensed Property:
    - comprehensive general liability;
    - property insurance in full replacement value of all property owned by MLSE or for which it is legally liable, including inventory and stock, furnishings and chattels located within the Licensed Property;
    - crime insurance;
    - owned and non-owned automobile liability; and
    - professional liability insurance,

all in such form (e.g. inclusion of clauses re: additional insureds, cross liability/severability of interest, waiver of subrogation, notice of cancellation etc.) and amount as may be required by the City’s Insurance and Risk Management Group.
  - ii. MLSE and the City shall agree to mutually indemnify each other for their breach, negligence and willful misconduct in respect of the Licensed Property.
  - iii. No assignment by MLSE without the prior written consent of the City, not to be unreasonably withheld, it being agreed that it shall be reasonable for the City/Board to withhold such consent if MLSE cannot demonstrate that the proposed assignee has sufficient qualifications or creditworthiness to perform the obligations of MLSE pursuant to the Agreement. If the City provides its consent to an assignment of the Agreement, MLSE shall remain bound by such obligations. For greater certainty, MLSE shall not be permitted to contract out the performance of its obligations under the Agreement without the prior written consent of the City, not to be unreasonably withheld.
  - iv. Customary events of default, including and remedies, including termination.
  - v. Basic corporate representations and warranties from each of the City/Board and MLSE only.

## SECTION C

### 7. Lakeshore Collegiate Agreement:

The City and MLSE shall enter into an agreement for the construction of a new artificial soccer field at Lakeshore Collegiate by MLSE or, in the event that TDSB approval is not received on or before October 1, 2009, requiring MLSE to provide an upgrade to a City Parks facility for community sports purposes as selected by the City in its sole and unfettered discretion with an equivalent monetary value (being \$2 million less the cost to complete the Lamport Stadium improvements), as follows:

- (a) Subject to the receipt of approval by the TDSB, the City and MLSE shall enter into an agreement with TDSB for the construction of a new artificial soccer field at Lakeshore Collegiate by MLSE, including the following terms:
  - i. Construction: MLSE shall, at its sole expense, shall construct the new soccer field in accordance with the description attached as Schedule “D” to this LOI and including terms satisfactory to the TBSB and the City as required to address the same issues as set out in section 6(c) above. MLSE shall complete construction of the new soccer field by June 1, 2010.
  - ii. Term: The term of this Agreement shall be equal to the term of the Lamport Stadium Agreement.
  - iii. Exclusive Use: The City shall have exclusive right to use the soccer field for Community Sports Purposes (as defined in the Lamport Agreement) during the months of July and August and receive all revenue generated from the use of the soccer field during the months of July and August (the “Community Use Funds” as defined above).
  - iv. Costs: While the City shall be responsible for the operating costs (defined generally as the costs of promoting, operating and managing, including repairs or maintenance which constitute operating costs in accordance with GAAP) for the soccer field during the months of July and August, it shall not be responsible for any capital costs (defined generally as repairs, maintenance, additions, alterations, renovations, restorations, replacements and improvements which are capital in nature according to GAAP or are intended primarily to increase the life of an item) in respect of the soccer field.
  - v. Other Commercial Terms: The Agreement shall contain such other terms as may be agreed by the parties and are satisfactory to the General Manager of Parks, Forestry and Recreation, the Deputy City Manager & Chief Financial Officer and the City Solicitor.
- (b) In the event that TDSB approval for the Lakeshore Collegiate site is not received on or before October 1, 2009, MLSE shall be required to provide an upgrade to a City Parks facility for community sports purposes as selected by the City in its sole and unfettered discretion with an equivalent monetary value (being \$2 million less the cost to complete the Lamport Stadium improvements) on terms as required to address the construction issues as set out in section 6(c) above and other commercial terms

satisfactory to the General Manager of Parks, Forestry and Recreation, the Deputy City Manager & Chief Financial Officer and the City Solicitor.

## **SECTION D**

### **8. Contribution Agreement Amendments**

The Contribution Agreement shall be amended as approved by the City, Ontario and Canada to reflect the transactions contemplated in this LOI, including:

- (a) Amending the requirement for Community Sports Purposes for the Soccer Stadium to reflect the reduced availability of the Soccer Stadium for Community Sports Purposes and the increased community use at Lamport Stadium and Lakeshore Collegiate (or other selected Parks site); and
- (b) Acknowledging the removal and relocation of the winter bubble from the Soccer Stadium and the replacement of the artificial turf with a highest quality grass field.
- (c) Other Commercial Terms: The Agreement shall contain such other terms as may be agreed by the parties and are satisfactory to the Chief Executive Officer of Exhibition Place, General Manager of Parks, Forestry and Recreation, the Deputy City Manager & Chief Financial Officer and the City Solicitor.

### Terms Specific to this LOI

#### Exclusivity

From the date this letter is approved by The Board of Governors of Exhibition Place and City Council and until formal documentation has been executed by the parties or negotiations have been discontinued, the parties agree not to take any action or engage in any negotiations with unrelated third parties either for the construction, management or use of Allan Lamport Stadium or similar facilities within the Greater Toronto Area.

#### Public Disclosure

Once this letter has been delivered, the Board/City shall be permitted to publicly disclose the terms and conditions outlined in this letter agreement in its sole and absolute discretion.

#### Indemnity

MLSE shall indemnify and hold harmless the Board, the City of Toronto, and their respective elected officials, directors, officers, agents and employees from and against any and all losses, claims, liability, damage, action or expense (including without limitation, costs and legal fees) arising out of or relating in any way to the negligence or wilful misconduct of MLSE in the entering into or performance or purported performance of their obligations under this LOI or any negligence or wilful misconduct of any person for whom they are in law responsible. The City and Board shall indemnify and hold harmless MLSE, and its directors, officers, agents and employees from and against any and all losses, claims, liability, damage, action or expense (including without limitation, costs and legal fees) arising out of or relating in any way to the negligence or wilful misconduct of the City or the Board in the entering into or performance or purported performance of their obligations under this LOI or any negligence or wilful misconduct of any person for whom they are in law responsible.

### Assignment

MLSE may not assign, convey or transfer in any way its rights under this LOI without the prior written consent of the Board and the City, which may be arbitrarily and unreasonably withheld.

### Termination

If any party fails to provide information or perform any other obligations required pursuant to this LOI within the time periods stipulated, the other party may give notice to the non-performing party of said failure to perform and, if the non-performing party fails to rectify the situation within ten (10) days following receipt of said notice, the party giving notice may terminate this LOI.

In each and every such instance, if a party exercises its right to terminate this LOI, the other party hereby acknowledges and agrees that it shall have no claim against the terminating party for any costs and expenses incurred by it prior to the date of termination.

### Timetable

The terms and conditions set out in this LOI comprise the Key Business Terms of the proposed agreements between the Board, City and MLSE. The parties acknowledge that they have developed the following timetable for completing working the matters required prior to commencement of construction of the Project.

(a) Board Approval of LOI	September 11, 2009
(b) City Council Approval of LOI	September 30, 2009
(c) TDSB Approval	October 1, 2009
(c) Provincial and Federal Government Approval	October 1, 2009
(h) Negotiation and Finalization of Agreements	October 1, 2009
(j) Construction of Ringbeam and Bubble at Allan Lamport Stadium	October 1, 2009 to November 27, 2009
(k) Grass Field Construction at Soccer Stadium	After last TFC Game in 2009 to May 1, 2010
(l) Construction of Artificial Field at Lakeshore Collegiate (Or upgrade at other selected Parks site)	October 1, 2009 to May 1, 2010

This timetable is subject to further discussions between the parties and the TDSB and the Provincial and Federal Governments. The parties acknowledge that the desire to have all facilities available for use as contemplated herein may require that these projects proceed on the basis of this LOI or other interim arrangements between the parties.

### Good Faith Negotiations

Upon execution of this LOI by the parties, the parties agree to work diligently, co-operatively, and in good faith with one another toward the shared goal of negotiating, finalizing and executing binding agreements along the lines set out in this LOI.

### Force Majeure

Each of the parties shall be excused from the performance of any obligation hereunder to the extent that such obligation is hindered or prevented by any strike, boycott, lockout or other labour dispute, any act of God, any riot, civil disturbance, act of terrorism or any act of war or of the public enemy; any fire or theft,

any present or future governmental law, ordinance, rule or regulation, or any other cause or contingency beyond the parties' control (other than a lack of financial resources).

Representations

The parties all represent and warrant of the date hereof as follows and acknowledge that the other parties are relying on such representations and warranties in connection with the transactions contemplated by this LOI:

- (a) Each party is a corporation duly incorporated, organized and subsisting under the laws of the Province of Ontario;
- (b) They have the power, authority and right to: (i) enter into and deliver this LOI; and (ii) perform their obligations under and as contemplated to be performed pursuant to this LOI;
- (c) To the extent that this LOI is binding on the parties as set out herein, it constitutes a valid and legally binding obligation of the parties, enforceable against them in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court; and
- (d) The entering into and the delivery of this LOI and the performance of the obligations of the parties hereunder will not result in the violation of:
  - (i) any of the provisions of the constating documents or by-laws of any party; or
  - (ii) any agreement or other instrument to which they are a party or by which they are bound.

This letter may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same

If you are interested in pursuing the transactions contemplated by this letter on the basis outlined herein, please acknowledge by executing one copy of the letter where indicated and returning same to the undersigned as soon as possible.

Yours truly,

**MAPLE LEAF SPORTS & ENTERTAINMENT LTD.**

Per: \_\_\_\_\_  
 Richard A. Peddie  
 President and Chief Executive Officer

AGREED TO AND ACCEPTED THIS \_\_\_ DAY OF \_\_\_\_\_, 2009.

**CITY OF TORONTO**

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

**THE BOARD OF GOVERNORS OF EXHIBITION PLACE**

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

Appendix "B"  
Community Use (by hours) on Existing BMO Field Turf and After Renovations to Facilities

<b>ACTUAL COMMUNITY USAGE BMO FIELD ON FIELD TURF (hours)</b>													
	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	TOTAL
<b>2008</b>	169	103	184	178	496	823	787	727	926	231	83	189	<b>4,895</b>

<b>PROPOSED COMMUNITY USAGE BMO FIELD (GRASS); LAMPORT (WINTER BUBBLE) (hours)</b>													
	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	TOTAL
<b>BMO</b>	48	48	48	48	-	-	-	-	-	48	48	48	<b>336</b>
<b>LAMPORT</b>	-	-	-	-	936	936	936	936	936	936	-	-	<b>5,616</b>
<b>GRAND TOTAL</b>												<b>5,952</b>	

<b>HOURS OF PROPOSED COMMUNITY USE OF LAKESHORE COLLEGIATE FIELD (or other Ward 6 location)</b>													
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	TOTAL
<b>CITY</b>	256	256	-	-	-	-	-	-	-	-	-	-	<b>512</b>
<b>TDSB</b>	-	-	256	256	128	-	-	-	-	128	256	256	<b>1,280</b>
<b>GRAND TOTAL</b>												<b>1,792</b>	

NOTE: In addition to the above community use BMO Field will also provide 14 days for City Parks & Recreation use; 6 days for CSA use; 6 days for OSA use & 18 days for CNE use