

**Major Terms of Operating Agreement  
Among the City, University and TPASC Inc.**

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| <b>Parties</b>                                    | City of Toronto and Governing Council of the University of Toronto (the “Co- Owners”), and Toronto Pan Am Sports Centre Inc.  |
| <b>Facility</b>                                   | Toronto Pan Am Sports Centre located at 875 Morningside Avenue  |
| <b>Term</b>                                       | Licence and/or lease of a maximum of twenty years, commencing on approximately July 15, 2014 or such other date as the parties may agree, and expiring no later than the Co-Ownership Agreement.  |
| <b>Licence Fees</b>                               | License fees paid by TPASC Inc. to the Co-Owners in consideration for the right to operate the Facility. Must be reasonable and are expected to be approximately in the \$700,000 to \$800,000 range in total in the first year, shared equally by the Co-owners. To be increased annually by 2% or such other amount as the parties may agree.   |
| <b>Additional Charges</b>                         | TPASC Inc. shall be responsible for the payment of all taxes, assessments, utilities, charges, operating costs, repairs, maintenance and replacement of any components, structural or otherwise, in respect of the building and improvements and all other costs of any nature payable in respect of the Facility during the Term, with the exception of those items that may be the responsibility of other users (including the Co-Owners) pursuant to user agreements to be entered into. TPASC will pay any HST or any other tax exigible on the Licence Fees and the additional payments, if applicable. |
| <b>Major Maintenance and Capital Expenditures</b> | Approximately \$1.5 million of the annual contributions from the Legacy Fund will be allocated to major maintenance and capital expenditure purposes. As part of the annual operating funding provided to TPASC Inc., the City and University will make further contributions as necessary and in accordance with capital maintenance plans to ensure sufficient funding is available for anticipated future requirements.  |
| <b>Facility Uses</b>                              | Primary uses of the Facility include aquatic, recreation and sports activities and programs. Primary users of the Facility will be the Co-Owners and CSIO and high-performance sports organizations. Ancillary uses as approved by the Co-Owners include office space, parking, food concessions, other retail space and a sports injuries clinic. Subject to prohibited uses to be identified and agreed to by the parties.  |

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| <p><b>Co-Owners' Use, Funding and Occupancy Agreement</b></p> | <p>The University and the City shall commit to use 17% and 31%, respectively, of the total number of hours in each financial year that the Facility is available for use, and shall pay user fees proportionate to their respective usage of the Facility to cover the operating expenses in the annual operating budget approved for TPASC Inc. The City and University shall be responsible for contributing equally to any operating cost shortfalls of the Facility, consistent with terms in the Co-Ownership Agreement.</p> <p>The City and University shall enter into Occupancy Agreements with TPASC Inc. in relation to their use of office space, the pools, field house, common areas and parking, in accordance with the terms of the Co-Ownership Agreement. The form of Occupancy Agreement for the City and University to be negotiated.</p> |
| <p><b>Other Users</b></p>                                     | <p>Of the available time remaining to use the Facility, after usage time allocated to the City and the University is accounted for, CSIO and high-performance sports organizations shall use 30% of the time. Other third-party users shall be able to use 22% of the time.</p>  |
| <p><b>Applicable Laws</b></p>                                 | <p>TPASC Inc. shall comply with all municipal, provincial and federal applicable laws, including City of Toronto by-laws, official plan, zoning and any agreements or restrictions registered on title to the lands. TPASC will assume and perform all obligations of the Co-Owners under any other applicable agreements.</p>   |
| <p><b>Signs</b></p>   | <p>Signs will be subject to the Co-Owners' consent, not to be unreasonably withheld, and shall be subject to applicable regulatory restrictions and any signage by-law that the City of Toronto (acting in its capacity as municipal government) may adopt from time-to-time.</p>  |
| <p><b>Release and Indemnity</b></p>                           | <p>TPASC Inc. will release the Co-Owners from all claims and will indemnify the Co-Owners against any matter arising out of TPASC Inc.'s operations at, or use or occupancy of the Facility during the Term unless such claims are caused by the negligence or wilful misconduct of the Co-Owners.</p>   |
| <p><b>Insurance</b></p>                                       | <p>TPASC Inc. shall take out and maintain adequate property and liability insurance of all types in amounts and form satisfactory to the Co-Owners' Risk Management advisors and the City Solicitor. Amounts to be reset periodically.</p>   |
| <p><b>Assignment and Sub-letting/ Sub-licensing</b></p>       | <p>TPASC Inc. may sub-licence or sub-lease parts of the Facility, subject to the Co-Owners' consent, if applicable, not to be unreasonably withheld. Subject to certain prohibited uses set out in the Operating Agreement.</p>  |

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| <b>Environmental</b> | TPASC Inc. shall be required to operate the Facility in compliance with all environmental laws and the requirements and responsibilities set out in the Co-Ownership Agreement. TPASC will be responsible for and shall indemnify the Co-Owners against any claims arising in respect of any hazardous materials in, on or under the Facility which were released or otherwise produced by TPASC Inc. or by those persons for whom TPASC Inc. is responsible. |
| <b>Default</b>       | The Operating Agreement shall contain usual events of default and shall contain usual remedies of the Co-Owners in the event of default, including but not limited to, re-entry, re-letting and/or terminating the Operating Agreement.   |