



**STAFF REPORT
ACTION REQUIRED**

EX8.17

Consent to Assignment of Agreements with Maple Leaf Sports & Entertainment Ltd (“MLSEL”)

| | |
|--------------------------|---|
| Date: | September 2, 2015 |
| To: | Executive Committee |
| From: | City Solicitor Deputy City Manager & Chief Financial Officer |
| Wards: | All |
| Reference Number: | |

SUMMARY

Maple Leaf Sports & Entertainment Ltd. ("MLSEL") and the City have entered into various Agreements as detailed in Appendix A (the “Agreements”) related to various sporting facilities either on the grounds of Exhibition Place (BMO Field, Ricoh Coliseum and the Basketball Training Facility), or elsewhere in the City. The Board of Governors of Exhibition Place is also a party to those agreements related to venues on the Exhibition Place grounds. Each of the agreements provides for a right of assignment by MLSEL on consent of the City. MLSEL has presented to the City a reorganization plan which contemplates an assignment of all the Agreements from MLSEL to Maple Leaf Sports & Entertainment Partnership (“MLSEP”) and MLSEL is requesting consent to these proposed assignments.

This report reviews the business, operational, financial and legal implications of the MLSEL proposal and recommends consent to the assignment on certain terms and conditions.

RECOMMENDATIONS

It is recommended that City Council:

1. Consent to the assignment of those agreements listed in Appendix A attached to this report, from Maple Leaf Sports and Entertainment Ltd. to Maple Leaf Sports & Entertainment Partnership, subject to the terms and conditions set out in this report and such other terms and conditions required by the Deputy City Manager & Chief Financial Officer and City Solicitor;

2. Authorize the City to enter into assumption agreements in respect of the agreements listed in Appendix A attached to this report with Maple Leaf Sports & Entertainment Ltd. and Maple Leaf Sports & Entertainment Partnership on terms and conditions satisfactory to the Deputy City Manager & Chief Financial Officer and City Solicitor; and
3. Authorize the execution of an assumption agreement with Maple Leaf Sports and Entertainment Ltd. and Maple Leaf Sports and Entertainment Partnership for the Team Licence and User Agreement generally on the terms and conditions set out in this report and such other terms and conditions satisfactory to the Deputy City Manager & Chief Financial Officer and City Solicitor.

Financial Impact

There is no financial impact beyond what has already been approved in the current year's budget.

DECISION HISTORY

At its meeting of September 28, 29, 30 and October 1, 2004, City Council authorized the City to enter into a sublease agreement between BPC Coliseum Inc. and MLSEL with respect to Ricoh Coliseum.

At its meeting of October 26, 27, 28 and 31, 2005, by adoption of Clause No. 36 of Policy and Finance Committee Report No. 9, Council authorized the City to enter into an agreement for the creation of the professional soccer stadium which is now known as BMO Field.

At its meeting of April 1, 2 and 3, 2015, by adoption of Item EX39.4, and its meeting of June 10, 11, 12 and 13, 2015, by adoption of Member Motion MM52.28, City Council authorized the City to enter into an agreement with MLSEL with respect to expansion of BMO Field.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX39.4>
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.MM52.28>

At its meeting of September 30 and October 1, 2009, by adoption of Item CC40.8, City Council authorized the City to enter into an agreement with respect to the use of Lakeshore Collegiate Field and Allan Lamport Stadium.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.CC40.8>

At its meeting of August 25, 26, 27 and 28, 2014, City Council authorized the City to enter into an agreement with MLSEL for the Basketball Training Centre.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX44.3>

COMMENTS

On June 17 2015, MLSEL contacted City staff to advise of its proposed internal reorganization and to request consent to assignment of the Agreements from MLSEL to MLSEP as required pursuant to the terms of those Agreements. MLSEL will be transferring much of its business, including its sports franchises to MLSEP, a newly formed Ontario partnership that will be directly and indirectly owned by MLSEL. As the new partnership is a general partnership, the obligations that will be assumed by the partnership remain supported by MLSEL and all of the assets of MLSEL as it exists today. MLSEL has advised that there will be no change in the management team or the Board of Directors as a result of the reorganization, and that the purpose of the reorganization is to achieve tax-related objectives. Attached as Appendix B to this report is an organizational chart provided by MLSEL setting out the current and proposed corporate structures. Staff have reviewed the information provided by MLSEL on the new corporate structure and have determined that there will be no material impact to the City as a result of the reorganization. Staff are therefore recommending that consent be given for the assignments, subject to the matters discussed below.

With respect to the sublease agreement for Ricoh Coliseum, MLSEL will also need to obtain consent to the assignment from the sublandlord, BPC Coliseum Inc. which is a requirement of any assignment. Staff recommend that MLSEL should provide written confirmation to the City that the sublandlord's consent has been obtained before the City grants its consent to the assignment in respect of that agreement.

In addition, as required by the terms of the Team Licence and User Agreement (2007) under which the Toronto Football Club uses the Soccer Stadium (BMO Field), MLSEL will be providing a notice of assignment and assumption agreement to Major League Soccer for their approval of the assignment. Consent to assignment by the City is not required with respect to the Toronto Football Club Licence agreement although notice of the assumption agreement must be provided by MLSEL.

Further, staff recommend that the City's consent to assignment of the agreement for the proposed basketball facility should not be given until MLSEL finalizes and signs the ground lease for the site, which remains under negotiation.

It is anticipated that the Board of Governors of Exhibition Place will separately provide its consent to assignment for those Agreements to which the Board is a party.

CONTACT

Alison Fowles, Solicitor,
Legal Services Division
Phone: 416-392-8434; Fax: 416-397-5624
Email: afowles@toronto.ca

Eric Arm
Senior Financial Analyst
Corporate Finance
Phone: 416-397-4479; Fax: 416-397-4555
Email: earm@toronto.ca

SIGNATURE

Anna Kinastowski
City Solicitor

Roberto Rossini
Deputy City Manager & Chief
Financial Officer

ATTACHMENTS

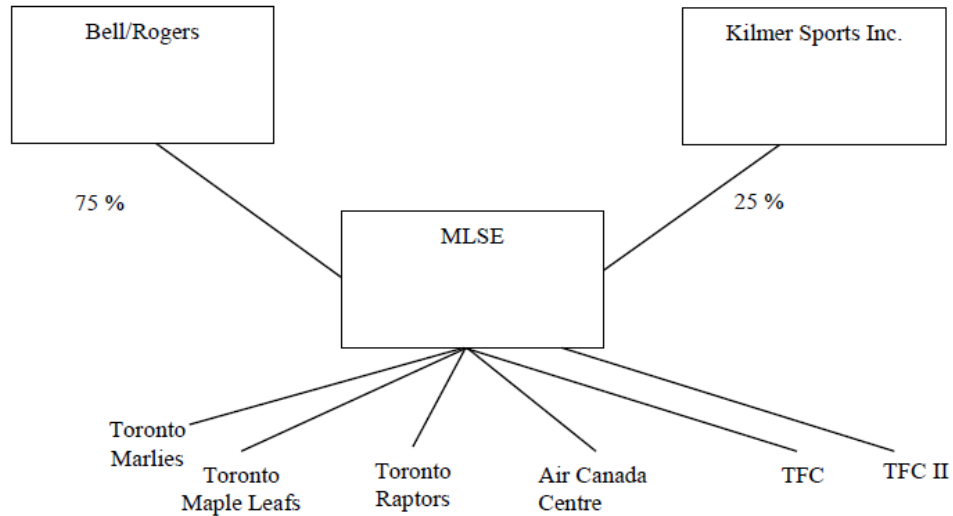
Appendix "A" – Affected Agreements
Appendix "B" – Ownership of MLSE and its Major Assets

Appendix “A”
Affected Agreements

1. Sublease agreement between BPC Coliseum Inc. and MLSEL with respect to Ricoh Coliseum dated June 6, 2005.2.
2. Management Agreement among the City of Toronto, the Board of Governors of Exhibition Place and Maples Sports and Entertainment Ltd. dated January 1, 2007, as amended by the Amending Agreement dated January 1, 2007.
3. Naming Rights Licence Agreement between the Board of Governors of Exhibition Place, the City of Toronto and Maple Leaf Sports & Entertainment Ltd. dated January 1, 2007.
4. Lamport Licence Agreement between the City of Toronto and Maple Leaf Sports & Entertainment Ltd. dated October 1 2009.
5. Lakeshore Collegiate Field Use Agreement among the City of Toronto, the Toronto District School Board and Maple Leaf Sports & Entertainment Ltd. dated November 30th, 2010.
6. Amended and Restated Letter of Intent respecting the expansion of BMO Field among the City of Toronto, the Board of Governors of Exhibition Place and Maple Leaf Sports & Entertainment Ltd. dated July 4, 2014.
7. Letter of Intent respecting a proposed basketball facility at Exhibition Place among the City of Toronto, the Board of Governors of exhibition Place and Maple Leaf Sports & Entertainment Ltd. dated August 14, 2014.

**Appendix “B”
Current Ownership of MLSE and its Major Assets**

The following chart sets out the current ownership of MLSE and its major assets.



Ownership of MLSE and its Major Assets Following Completion of the Restructuring

The following chart sets out the ownership of MLSE and its major assets following the completion of the Restructuring.

