

February 10, 2023

Maple Leaf Sports & Entertainment Partnership
c/o Maple Leaf Sports & Entertainment Ltd.
50 Bay Street, Suite 500
Toronto, Ontario, M5J 2L2

Attention: Cynthia Devine
President and CEO

Dear Sir and Madam:

Re: **Framework for Terms of Services Arrangement(s) between the City of Toronto and MLSE in respect of FIFA WC 2026**

This Letter of Intent (“**LOI**”) sets out the framework for multiple agreements, as further described below, between Maple Leaf Sports & Entertainment Ltd. (“**MLSE**”) and the City of Toronto (the “**City**”) pursuant to which MLSE will provide certain services (such services, as further described in this LOI, the “**Services**”) for and on behalf of the City in connection with the City’s obligations and responsibilities as the Host City Authority and Stadium Authority, in each case as defined in the City’s Hosting City Agreement and Stadium Agreement, as applicable, with Federation Internationale de Football Association (“**FIFA**”) (such agreements, as amended, the “**Hosting Agreements**”), for FIFA World Cup 2026 (“**FIFA WC 2026**”).

1. **General Scope of Services and Terms:**

- (a) MLSE will serve as the project manager to the City for the procurement, execution, and delivery of all capital construction in BMO Field stadium (the “**Stadium**”) and overlay construction outside of the Stadium, to be further described in the Definitive Agreements (collectively, the “**Stadium Upgrades**”).
- (b) MLSE will serve as the project manager to the City for the procurement, execution, and delivery of all construction (capital and overlay) at MLSE Training Facilities (also known as the BMO Training Ground, located at Downsview, being the “**MLSE Downsview Facilities**”), if and as required of the City under the Hosting Agreements. For certainty, if MLSE directly contracts with FIFA in relation to the MLSE Downsview Facilities, then the MLSE Downsview Facilities will not be subject to the agreements between the City and MLSE contemplated in this LOI.
- (c) MLSE will manage and deliver the services required of the City (or Stadium Authority) under the Hosting Agreements to operate the Stadium (and, subject to Section 1(b) above, the MLSE Downsview Facilities) before, during, and after FIFA WC 2026.

- (d) The parties agree that the terms of this LOI and the Definitive Agreements will govern their right to compensation to the extent that the rights of either party under the existing Management Agreement, Stadium Naming Rights Agreement, or Team Licenses (collectively, the “**Current Stadium Agreements**”) are impacted by the requirements of the Hosting Agreements on the City or the performance of Services by MLSE as contemplated under this LOI and the Definitive Agreements.
- (e) MLSE will licence or sell Host City Commercial Rights (as defined and further described below) granted by FIFA to the City under the Hosting Agreements.
- (f) MLSE will provide marketing, branding, and promotional services required locally of the City to advertise and promote FIFA WC 2026, which services will be done in conjunction and cooperation with Destination Toronto.
- (g) In providing or performing the Services, MLSE will comply with any requirements of FIFA that applies to the City in respect of the Services, as approved by the City and identified by the City to MLSE from time to time.
- (h) MLSE and the City acknowledge and agree that one or more definitive agreements between the parties will be entered into for the delivery of the Services required under this LOI (collectively, the “**Definitive Agreements**”), including, as applicable, a project management agreement, a stadium services agreement, a commercial rights sales agreement, and a creative design and promotional services agency agreement. In order to guide the negotiation of the Definitive Agreements between MLSE and the City, the parties agree to apply the following principles to negotiating the Definitive Agreements:
 - (i) keeping MLSE ‘whole’ financially, but, for clarity, without ‘double dipping’ in respect of amounts payable by the City to MLSE under the Definitive Agreements;
 - (ii) being fair to the City and MLSE;
 - (iii) including a full transparency approach on all costs and challenges, including those caused by: (A) changing requests from FIFA; (B) needs of funding stakeholders; and (C) unforeseen circumstances or events;
 - (iv) meeting FIFA requirements;
 - (v) making FIFA WC 2026 in Toronto successful, by using best efforts to ensure that FIFA WC 2026 in Toronto: (A) is ready on time or early; and (B) presents a positive image of the City to the world; and
 - (vi) being consistent with and abiding by applicable FIFA requirements, laws, and, the City’s applicable policies and labour or trade obligations, City Council directions, and any future City Council decision respecting a community benefit plan, local labour requirements, social procurement, or actions in support of the City’s TransformTO initiative.

- (i) MLSE will ensure full open book on all costs payable by the City in respect of the Services (i.e., all costs will be fully explained and documented).
- (j) Each Definitive Agreement will contain a right of the City to terminate the Definitive Agreement in the event that the City, for whatever reason, declares that the FIFA WC 2026 will not proceed, due to reasons including: (i) FIFA moving FIFA WC 2026 games from Toronto; and (ii) the City not having obtained sufficient funding. In the event of termination of a Definitive Agreement, MLSE will be compensated for costs incurred to the date of termination of the Definitive Agreement in connection with the performance of MLSE's obligations under the Definitive Agreement, including all such costs in the form of breakage fees, cancellation charges, and wind-down costs; notwithstanding the foregoing, MLSE and the City will work cooperatively together to ensure that costs of both parties in such event will be mitigated to the extent possible.
- (k) Both parties acknowledge and agree that the scope of Services may change as a result of changes in FIFA's requirements. MLSE acknowledges that the City will be highly dependent on MLSE for the provision of the Services, and as such MLSE will work with the City to implement such changes unless: (i) it is not technically or reasonably possible to carry out the proposed change, including in consideration of the required timelines for the proposed change; or (ii) the proposed change will cause MLSE to breach law, or breach its agreement with third parties for which it has not been and cannot be adequately compensated or provided for by the City to MLSE.
- (l) The Definitive Agreements will contain other customary standard provisions for agreements of similar nature, including provisions relating to dispute resolution, confidentiality, liability coverage, indemnities, and cancellation or termination.

2. **Project Management Services:**

- (a) On behalf of the City and at the City's cost and expense, MLSE will provide to the City:
 - (i) the project management services set out in Section 1(a) above with respect to construction (capital and overlay) of the Stadium Upgrades;
 - (ii) if required by the City as set out in Section 1(b) above, the project management services set out in Section 1(b) above with respect to construction (capital and overlay) at the MLSE Downsview Facilities; and
 - (iii) any changes to the services above or additional services that may be directed by the City from time to time in respect of FIFA WC 2026 including those additional services requested by FIFA;

and all in compliance with the requirements set out in Sections 2(b) to 2(n) in this LOI (collectively, the "PM Services"). Without limiting MLSE's obligations to

perform the PM Services, the initial scope of the PM Services to be provided by MLSE will be set out in the Definitive Agreement for the PM Services.

- (b) MLSE will be engaged by the City under a “construction manager not at risk” arrangement commonly used in the Canadian construction industry, under which: MLSE would procure, negotiate, and recommend to the City the award of contracts for MLSE, as a limited agent for the City, to enter into with third party contractors; payments for work performed would be made by the City directly to such contracted parties; and the City would fully indemnify and hold MLSE harmless in performing such role as limited agent contracting with such contracted parties. Subject to the proper performance by MLSE of its obligations to the City, MLSE liability will be limited to negligence or breach of contract (beyond any applicable cure period) and further including contractual limits of liability of MLSE to be agreed, and MLSE is not liable for, and the City agrees to fully indemnify and hold MLSE harmless for all aspects of, the performance of the PM Services under the Definitive Agreement for PM Services, including failure to complete the construction work, including (without limitation) for PM Project Costs, failure to complete the construction work in accordance with FIFA timelines, cost overruns, scope changes, and delays.
- (c) For greater certainty, spectator seating in respect of the Stadium will be considered capital and not overlay. MLSE will coordinate its overlay construction with the City’s overlay construction around the Stadium and will cooperate with the City to obtain logistics approvals from the City and Exhibition Place to maximize efficiencies.
- (d) Without limiting MLSE’s obligations to perform the PM Services, the initial scope of the PM Services to be provided by MLSE will be set out in the Definitive Agreement for PM Services, which initial scope of PM Services will include leading the following activities in its capacity as agent (and not at-risk) for and on behalf of the City:
 - (i) pre-construction (e.g., arranging for creation of project planning, design, permitting, developing, and updating project schedule and budgeting of the PM Project Costs defined below, development of construction / consulting documents, solicitation, procurement, evaluation, and award of project management subcontracts and construction contracts); and
 - (ii) construction (e.g., administering and coordinating the various contract documents as the primary point of contact, project control and scheduling, cost control, addressing changes in the work, coordinating procedure for payments by City to contractors, field review, coordinating responsibilities for health and construction safety, reporting, inspections, handover to City, and warranty transition).
- (e) Subject to other applicable terms set out in this LOI and in the Definitive Agreement for PM Services, all hard and soft costs in the project budget (“**PM Project Costs**”) will be the responsibility of and will (unless otherwise agreed to

by MLSE) be paid by or on behalf of the City (i.e., MLSE will not be required to fund any ongoing PM Project Costs), which PM Project Costs will include, without duplication:

- (i) actual costs for project management (including cost tracking), determining specifications, design, and procurement of suppliers; and
- (ii) actual costs for site preparation and servicing, costs payable to any contractor, sub-contractor, supplier consultant (including IKON) in respect of the construction work, costs of materials, supplies and equipment acquired or used, including equipment rentals, costs of carrying out requirements of FIFA and applicable law, costs of labour and services (including MLSE internal labour described in Section 2(g) below), architectural, engineering, landscaping, project management, consulting, accounting and legal fees and expenses, bonding and insurance costs, costs of licences, permits and zoning application fees, any other charges levied by authorities having jurisdiction and costs of obtaining any other applicable government consents, pre-opening expenses such as utilities, training, start-up inventory and other such costs, cost of quality assurance, inspection, and testing;

but will exclude those costs to the extent resulting from MLSE's negligence or breach of contract.

- (f) The parties will agree on a protocol for the payment of PM Project Costs, which will be based on the City making payments for third party contract invoices as and when incurred, as opposed to payments to MLSE to then pay the third party contractors. In addition, the parties acknowledge that payments of PM Project Costs will be subject to customary holdbacks required by law from the third party contractors (e.g., architects, engineering firms, and construction contractors).
- (g) No profit margin, except as may be embedded within the cost recovery fee referenced in Section 2(h), will be applied to any aspect of MLSE's performance of the PM Services.
- (h) The PM Project Costs will include a 'cost recovery fee' payable to MLSE to be agreed upon by the parties and set out in the Definitive Agreement for PM Services, on account of labour costs and reasonable overhead for full-time MLSE staff engaged in performing the PM Services.
- (i) All PM Project Costs payable by the City will be included in a project budget that is agreed upon and approved by the City in advance. Unless otherwise agreed to by the parties, MLSE and the City will undertake a staged approach to specifications and pricing for the performance of the PM Services before bids or proposals are sought from third party contractors and then in the subsequent negotiations with such third party contractors. Notwithstanding the foregoing, the City acknowledges and agrees that MLSE will not be responsible for any such third party costs, which

will be the responsibility of the City (notwithstanding any exceedance of the project budget).

- (j) MLSE will ensure full open book on all PM Project Costs consistent with usual market practice for such arrangements (i.e., all PM Project Costs fully explained and documented).
- (k) PM Project Costs incurred resulting from FIFA requests when FIFA is “on the ground” will be subject to the City’s prior approval.
- (l) MLSE and the City will expedite capital planning and construction to avoid time-pressed extra charges. The parties will agree in advance on an expedited approvals protocol to ensure PM Services proceeds and construction costs are paid on a timely basis.
- (m) The City will facilitate the timely acquisition of all required City permits, licences, and approvals, as applicable, to ensure that the PM Services proceeds expeditiously; however, MLSE acknowledges and agrees that such facilitation will be subject to:
 - (i) “non-fettering” of the City’s legislative and regulatory rights and responsibilities as a municipality (e.g., planning approvals, building permits, etc.); and
 - (ii) a requirement that MLSE will provide timely required information for consideration of applications in accordance with the City’s requirements.
- (n) With respect to the PM Services:
 - (i) with the support of the City as set out in Section 2(m), MLSE will cause the respective third party contractors, prior to commencing construction, to obtain all applicable and necessary permits and approvals; ;
 - (ii) union and trade association agreements will apply to the PM Services and MLSE will ensure that all PM Services is done in compliance with those agreements;
 - (iii) representatives and consultants (if any) of the City will be entitled to regular periodic updates and reviews from MLSE as to material/significant matters during the design and construction process with reasonable access to the site and to all relevant plans, drawings, development documentation and other relevant materials. MLSE will consult with the City to discuss and address any concerns respecting the performance of the design and construction work;
 - (iv) nothing in this LOI or resulting Definitive Agreements will authorize MLSE, or imply any consent or agreement or request on the part of the City, to subject the City’s estate or interest in Exhibition Place or the Stadium to any construction lien or any other lien of any nature or kind whatsoever;

- (v) MLSE will 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) MLSE will ensure that all third party agreements for the construction and related services contain the usual events of defaults and remedies, including termination;
- (vii) if there are any construction and consulting agreements entered into by MLSE on its own account for the PM Services, then MLSE will ensure that any such agreements will permit the City to assume MLSE's position if the Definitive Agreement for PM Services is terminated;
- (viii) MLSE will ensure that third party contractor(s) will be responsible, at their expense, for the repair or restoration of any damage or other disturbance to the Stadium or the MLSE Downsview Facilities, as applicable, as a result of the construction; and
- (ix) MLSE will cause the construction contractor to deliver a set of as-built drawings to the City.

3. **Stadium Operating Services:**

- (a) The parties acknowledge that: (i) the City has made undertakings to FIFA under the Hosting Agreements for the management and delivery of operational elements at the Stadium and, if applicable, the MLSE Downsview Facilities (all such undertakings of the City are collectively, the "**City Stadium Obligations**"); and (ii) some aspects of operations at the Stadium are reserved in the Hosting Agreements for FIFA. In furtherance of the foregoing, on behalf of the City and at the City's cost, MLSE will manage and deliver all City Stadium Obligations required of the City, as the Host City Authority and Stadium Authority, for FIFA WC 2026 under the Hosting Agreements in respect of the Stadium and, if applicable, the MLSE Downsview Facilities (collectively, the "**Stadium Operating Services**").
- (b) Without limiting MLSE's obligations to perform the Stadium Operating Services, the initial scope of the Stadium Operating Services to be provided by MLSE will be set out in the Definitive Agreement for the Stadium Operating Services.
- (c) If MLSE incurs penalties from its suppliers or sponsors solely and directly as a result of FIFA requiring MLSE to not use such suppliers or sponsors in connection with MLSE's performance of the Stadium Operating Services, as such potential penalties are further described and detailed in the applicable Definitive Agreement, the cost of any such penalties will be reimbursed by the City; notwithstanding the foregoing, MLSE and the City will work cooperatively together to ensure that such penalties, if any, will be mitigated to the extent possible.

- (d) All costs incurred by MLSE due to FIFA requirements for services, supplies, equipment, and personnel that are not part of the typical Stadium “event house package” or which must be procured by MLSE to meet FIFA requirements will be reimbursed by the City at cost.
- (e) Excluding those services reserved by FIFA, revenue not received by MLSE from events at the Stadium that normally would have been received by MLSE but for fulfilling its obligations under the Definitive Agreement for Stadium Operating Services in connection with FIFA WC 2026, as such potential lost revenue mutually agreed to is further described and detailed in the applicable Definitive Agreement, will be reimbursed either directly by the City or, if agreed upon by the parties, through offsetting arrangements (e.g., rescheduling and alternate revenue opportunities); provided, however, that in each case the City will only be responsible for reimbursing actual net revenues lost (gross revenues minus associated expenses) to the extent that such lost revenue cannot be offset or mitigated by MLSE using commercially reasonable efforts and where, after having worked together to find solutions to offset or mitigate such lost revenue (as set out below), the parties have mutually agreed to the amount of such lost revenue in accordance with the applicable process set out in the Definitive Agreement for Stadium Operating Services. In addition to reimbursing MLSE for such net revenue lost by Toronto FC and the Toronto Argos, the City will also reimburse MLSE for any pre-approved costs of relocating the Toronto Argos and Toronto FC solely and directly required as a result of MLSE fulfilling its obligations under the Definitive Agreement for Stadium Operating Services in connection with FIFA WC 2026, in each case, only to the extent such lost revenue cannot be offset or mitigated by MLSE using commercially reasonable efforts. MLSE will work with the City to find solutions to offset or mitigate such impacts of FIFA WC 2026, including cooperation on event scheduling required.
- (f) All “Rental Fees” for “Event” and “Non-Event Days” paid by FIFA to the City for the specific services stipulated in the Hosting Agreements will be paid to MLSE for its performance of the Stadium Operating Services.

4. **Host City Commercial Rights:**

While the full extent of the commercial rights (e.g., sponsorship, advertising, events, and VIP access) that will be granted by FIFA to the City (the “**Host City Commercial Rights**”) is still not clear as of the date of this LOI, the following will apply to the Host City Commercial Rights:

- (a) The City will assign its Host City Commercial Rights that are assignable from FIFA to MLSE for commercialization, as mutually agreed to by the parties in the applicable Definitive Agreement, but, subject to Section 4(b), will include the “Host City Supporter Rights” as defined in the Host City Rights Agreement entered or to be entered into by the City with FIFA.
- (b) MLSE acknowledges that the City’s ability to assign its Host City Commercial Rights to MLSE will depend in part as to whether the Province of Ontario or the Federal government impose any conditions in respect of such rights, and will be

subject to prior consultation with the City to permit the City to consider and approve strategy and major initiatives prior to implementation, including the overall look and feel, and positioning in relation to FIFA WC 2026. For clarity, the Host City Commercial Rights do not include non-commercial rights, such as government grants and purely philanthropic donations (no commercial gain such as tickets or sponsorship-like visibility). If any conditions imposed by the Province of Ontario or the Federal government materially impact MLSE's ability to commercialize the Host City Commercial Rights assigned to MLSE, the parties agree to negotiate reasonably and in good faith adjustments to this agreement to address such impact, and if the parties fail to reach agreement on such adjustments, the Definitive Agreement for the Host City Commercial Rights may be terminated upon mutual agreement by the parties, acting reasonably.

- (c) The parties agree to meet and comply with all FIFA requirements relating to the commercialization of the Host City Commercial Rights.
- (d) The City will be entitled to restrict a number of commercial categories to be associated with the Host City Commercial Rights to the extent any association with such commercial categories would: (i) constitute a violation of City policies (e.g., tobacco); (ii) be unlawful; or (iii) otherwise bring the City into disrepute. The City will provide MLSE with a list of all such 'prohibited' commercial categories prior to the execution of the applicable Definitive Agreement and as such list may be updated from time to time by the City.
- (e) MLSE will pay for its own internal use of the Host City Commercial Rights for its own promotional purposes as if it were a third-party licensee.
- (f) The parties will work cooperatively together to identify commercial opportunities that could arise by leveraging City events, programs, and other assets.
- (g) MLSE will be reimbursed for all costs associated with the sale, licensing, and servicing of Host City Commercial Rights (collectively, "**Sponsorship Costs**"), including associated creative and fabrication costs, activation costs, production costs, labour costs (including MLSE sales staff), hosting costs, fulfillment or servicing costs, ticketing and hospitality costs, and applicable taxes. All Sponsorship Costs will be deducted in the 'net revenue' calculation, as further described below.
- (h) No profit margin will be applied to any aspect of the MLSE's costs associated with the sale, licensing, or servicing of the Host City Commercial Rights.
- (i) Net revenue (gross revenue received by MLSE and derived directly or indirectly from the Host City Commercial Rights assigned to MLSE minus Sponsorship Costs) will be split equally by MLSE and the City, each as to 50%, up to \$10 million, and net revenues in excess of \$10 million will be split 60% to the City and 40% to MLSE.

5. **Promotional Services:**

- (a) MLSE will provide the City with marketing, branding, and promotional services, including creative and design, required locally of the City to advertise and promote FIFA WC 2026, as mutually agreed to and on the terms and conditions set out in a Definitive Agreement between the parties for such services (such services, the “**Promotional Services**”).
- (b) In furtherance of Section 5(a):
 - (i) MLSE acknowledges and agrees that the Promotional Services will be performed in conjunction and cooperation with Destination Toronto;
 - (ii) unless otherwise agreed to by the parties, MLSE will charge service fees for its performance of the Promotional Services on an hourly basis based on a blended rate of \$150 per hour, subject to an annual CPI escalator mutually agreed to by the parties in the Definitive Agreement for the Promotional Services; for clarity, not included as part of such service fees are actual out of pocket expenses reasonably incurred by MLSE in its performance of the Promotional Services (e.g., travel, third party content licensing costs (e.g. audio, video, font, film, photography etc.), media buy, and placement costs, and the City will reimburse MLSE for all such expenses; and
 - (iii) all creative, design, and promotional materials will be subject approval of the City, and MLSE will consult with and secure the approval of the City for all aspects of its promotional plan.

6. **MLSE as Supplier of Hospitality and F&B at the Stadium:**

- (a) City will provide exclusive support for MLSE to obtain the rights from FIFA to deliver hospitality, concessions, or food and beverages at the Stadium.
- (b) Notwithstanding the foregoing, MLSE acknowledges and agrees that such selection is a FIFA decision alone.

7. **Additional Provisions:**

- (a) Assignment. Except in the case of any assignment, conveyance, or transfer required by FIFA, neither party may assign, convey or transfer in any way its rights under this LOI without the prior written consent of the other party hereto, which may be arbitrarily and unreasonably withheld.
- (b) Confidentiality. Both parties agree that this LOI, the terms hereof, and any proposals or submissions exchanged between the parties (collectively, the “**Confidential Information**”) are confidential. Neither party will disclose the Confidential Information to any third party without the prior approval of the non-disclosing party, except: (i) to the extent required by law, provided that the disclosing party provides the non-disclosing party sufficient opportunity to prevent or limit such legally required disclosure; (ii) by the City to FIFA, to the extent required in furtherance of the City’s obligations to FIFA under the Hosting Agreements; (iii) by the City to the Province of Ontario or the Federal government


in connection with FIFA WC 2026; or (iv) by either party to its professional representatives, to the extent that they “need to know” such Confidential Information to provide professional advisory services relating the subject matter of this LOI, and who are subject to an express duty of confidence in accordance with professional standards between them and the disclosing party.

- (c) 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 Definitive Agreements along the lines set out in this LOI.
- (d) Representations: MLSE and the City each represent and warrant as of the date hereof as follows and acknowledge that the other party is relying on such representations and warranties in connection with the transactions contemplated by this LOI:
 - (i) each party is a corporation duly incorporated, organized and subsisting under the laws of the Province of Ontario;
 - (ii) each party has the power, authority and right to: (A) enter into and deliver this LOI; and (B) perform their obligations under and as contemplated to be performed pursuant to this LOI;
 - (iii) this LOI is binding on the parties as set out herein, and constitutes valid and legally binding obligations of the parties; and
 - (iv) 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:
 - (A) any of the provisions of the constating documents or by-laws of either party; or
 - (B) any agreement or other instrument to which they are a party or by which they are bound.
- (e) Execution: This LOI may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same.

Please acknowledge and agree to the foregoing by executing one copy of this LOI where indicated and returning same to the undersigned.


Yours truly,

CITY OF TORONTO

Per: 

Name: Paul Johnson
Title: City Manager

APPROVED AS TO FORM


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For Wendy Walberg
City Solicitor

AGREED TO AND ACCEPTED THIS 10th DAY OF FEBRUARY, 2023.

MAPLE LEAF SPORTS & ENTERTAINMENT PARTNERSHIP, BY ITS MANAGING PARTNER, MAPLE LEAF SPORTS & ENTERTAINMENT LTD.

Per: 

Name: Nick Eaves
Title: Chief Venues & Operations Officer