

Annual Report on City Loans and Loan Guarantees

Appendix 3: Amended Shareholder Declaration for Lakeshore Arena Corporation

WHEREAS the City of Toronto has leased the property municipally known as 400 Kipling Avenue (the “Property”) from the Toronto District School Board; AND

WHEREAS the Lakeshore Lions Arena Inc. (“LLAI”) sub-leased the Property from the City and built a four-pad arena on the Property (the “Arena”); AND

WHEREAS the Shareholder, the City of Toronto, in the public interest, established Lakeshore Arena Corporation (the “Corporation”) as an Ontario Business Corporations Act (the “OBCA”) corporation pursuant to paragraph 1 of subsection 148(1) of the City of Toronto Act, 2006 and the City Services Corporations regulations of the City of Toronto Act, 2006; AND

WHEREAS LLAI has assigned its sublease of the Property to the Corporation; AND

WHEREAS this Shareholder Declaration amends, restates and replaces the Shareholder Declaration dated as of October 27, 2017 as of the date hereof; AND

WHEREAS pursuant to subsection 108(3) of the OBCA, this declaration shall be, and is deemed to be, a unanimous shareholder agreement restricting, to the extent provided herein, the powers of the directors of the Corporation to manage or supervise the management of the business and affairs of the Corporation;

IT IS DECLARED THAT EFFECTIVELY IMMEDIATELY THE LAKESHORE ARENA CORPORATION SHALL:

1. Be responsible for the following:

- a. the sublease between the City and LLAI for the Property, as assigned by LLAI to the Corporation, and such other agreements as are assigned by LLAI to the Corporation;
- b. prudent management of the operations of the Arena as a marquee four-pad arena including its marketing, sales, catering, parking, maintenance, security, caretaking and cleaning, financial administration, property management, and general administration;
- c. retention, hiring, disciplining or removal of staff;
- d. retention and management of consultants;
- e. engaging in fundraising activities and accepting donations for the operations of the Arena and for enhancements to the Arena;

2. Subject to Law, conduct its affairs and govern its operations, and shall direct its subsidiaries to conduct their affairs and govern their operations, in accordance

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with such rules, policies and directives or objectives as directed by City Council from time to time.

3. Communicate with the City Chief Financial Officer and Treasurer or their representative for Financial matters requiring Shareholder approval or other action set out in this Shareholder Declaration.

4. Deliver to the City Chief Financial Officer and Treasurer as soon as practicable and in any event within 120 days after the end of each fiscal year the audited financial statements for Lakeshore Arena Corporation.

5. Not undertake any additional borrowings without the prior written approval of the Shareholder, with the exception of equipment leases as may be required in support of operations.

6. Make an annual contribution to the City, due by the end of the current fiscal year, based on its prior year audited financial statements, with the contribution equal to 65% of net revenues in excess of expenses before amortization and depreciation, and after debt principal repayments ("Revised Formula"), and that such contributions be reflected as return of capital contributions, to be deposited into Lakeshore Arena Capital Reserve fund. Together with amounts deposited in this reserve to date, the total amount shall be to a limit of \$8.1 million. The remaining amount due as at December 31, 2023 is \$7.026 million.

For certainty:

a. The Revised Formula is intended to replace any previous formulas relating to the return of capital contributions, with the first payment relating to the 2024 fiscal year and due in 2025.

b. Upon request from the Corporation, the City Chief Financial Officer and Treasurer may consider a temporary adjustment to the contribution rate, which shall be supported by an explanation and with supporting materials and information. Such requests shall be limited to two times over any ten-year period.

c. The City Chief Financial Officer and Treasurer will review the contribution percentage every three years to determine whether an adjustment should be recommended to City Council.

d. For financial statement purposes:

i. For 2024: Any capital contribution amounts owed to the City under any previous formulas shall be considered to be forgiven by the City. However, in the year the Revised Formula comes into effect, any accounting gain resulting from the forgiveness of capital contributions will

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not be reflected. For greater clarity, amounts due under the Revised Formula will total \$7.026 million.

ii. From 2025: The Revised Formula shall be reflected on Lakeshore Arena's audited financial statements and notes.

7. Work to stabilize and improve the operations of the Arena to make it more attractive as a City asset and a viable recreation and event venue.

8. Produce an annual report on its progress for transmittal to the City through the General Manager of Parks and Recreation for the information of City Council.

9. Work cooperatively with the Shareholder to help it determine the long run future of the Arena and in doing so share information with the Shareholder as requested through the General Manager of Parks and Recreation, all to assist the City in making its decision regarding the future of Arena.

10. Develop and adopt policies related to procurement, conflict of interest, political activity, disclosure of wrongdoing and reprisal protection, expense reimbursement, and financial delegation to staff.

11. Develop and adopt a senior executive compensation policy, independent of senior executives, that applies the guiding principles and practices set out in attachment 1 of the report, Executive Compensation Policy at City Agencies and Corporations adopted by City Council on August 25, 2015 (EX44.), as amended from time to time.

12. The Board must review the senior executive compensation policy every four years and the results of such review disclosed on the Corporation's public website and in its annual report.

13. Display inside the Arena a plaque to commemorate the Lakeshore Lions Club in its efforts to build the Arena, and permit the existing interior and exterior signage bearing the symbol of the Lakeshore Lions Club to continue to be displayed.

14. Permit the Lakeshore Lions Club to hold fundraising events at the Arena on up to five (5) days annually, provided there is no conflict with Arena earnings and on dates and at times agreeable to the Corporation.

15. Permit the Lakeshore Lions Club the non-exclusive use of the community meeting room at the Arena for its club meetings at no charge up to four (4) times per month, on dates and at times agreeable to the Corporation