



Exhibition Place

17

July 14, 2015

ACTION REQUIRED

To: The Board of Governors of Exhibition Place

From: Dianne Young
Chief Executive Officer

Subject: **Consent to Assignment of Agreements with Maple Leaf Sports & Entertainment Ltd ("MLSEL")**

Summary:

MLSEL, the City and the Board have entered into various Agreements as detailed in Appendix A (the "Agreements") related to three facilities on the grounds of Exhibition Place: BMO Field, Ricoh Coliseum and the Basketball Training Facility. Each of the agreements provides for a right of assignment by MLSEL on consent of the Board and in some cases the City as well. MLSEL has presented to the Board / 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 under certain terms and conditions.

Recommendations:

It is recommended that the Board:

- 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 City Solicitor and the Chief Executive Officer of Exhibition Place;**
- 2) Authorize the Board to enter into assumption agreements in respect of the agreements listed in Appendix A attached to this report with Maple Leaf Sports and Entertainment Ltd. and Maple Leaf Sports and Entertainment Partnership generally on the terms and conditions set out in this report and such other terms and conditions required by the City Solicitor and the Chief Executive Officer of Exhibition Place; 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 required by the City Solicitor and the Chief Executive Officer of Exhibition Place.**

Financial Implications:

There are no financial impacts arising from the approval of the recommendations. The reorganization will have no material impact on any of the Agreements or the manner in which MLSEL carries on business and there will be no change in the management team, personnel or the board of directors.

Decision History:

At its meeting of August 12, 2004 the Board approved entering into a sublease agreement between BPC Coliseum Inc. and MLSEL with respect to Ricoh Coliseum, which was approved by City Council at its meeting on September 28, 29, 30 and October 1, 2004. At its meeting of July 5, 2013, the Board approved an agreement between the Board and MLSEL for the Expansion of the Coliseum Offices.

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At its meeting of October 19, 2005 the Board approved of entering into an agreement with MLSEL with respect to BMO Field which was approved by City Council on October 26, 2005. At its meeting of March 7, 2014, the Board approved of entering into an agreement with MLSE, with respect to expansion of BMO Field which was approved by City Council at its meeting of June 10, 11, 12 and 13, 2015.

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At its meeting of August 14, 2014, the Board approved an agreement with MLSEL for the Basketball Training Centre, which was approved by City Council at its meeting of August 25, 26, 27 and 28, 2014.

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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 the Agreements. Board and City 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 Board and City as a result of the reorganization. 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 and there will be no change in the management team or the Board of Directors as a result. Attached as Appendix B to this report is an organizational chart provided by MLSEL setting out the current and proposed corporate structures.

The Management Agreement and Naming Rights Agreements provide that Board and City consent to assignment may not be unreasonably withheld if the assignment will have no material adverse effect on the provision of the management services by MLSE and the request for approval includes all relevant information required for the Board/City to make that determination. As mentioned above, staff are satisfied that the proposed reorganisation will have no material effect on the business dealings between the parties and there is no reason to withhold consent.

With respect to the lease and sublease agreement for Ricoh Coliseum, MLSEL will also need to obtain consent to the assignment from the sublandlord, Borealis (BCP) which is a requirement of any assignment.

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 Board or 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.

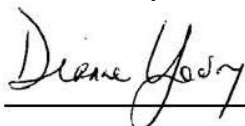
The general terms and conditions of the assignment and assumption proposed below reflect the rights of the parties as set out in the various Agreements and address the financial and operational issues that are of particular importance to Exhibition Place. There is also a requirement for the assignee (MLSEP) to enter into an agreement with the Board and City agreeing to be bound by the obligations of MLSEL prior to the effective date of the assignment.

- a) Parties: The Board, City of Toronto and MLSEL
- b) Assignment Date: On closing as agreed to by the Parties.
- c) Assignment: As of the Assignment Date, MLSEL assigns to MLSEP all of its rights, obligations and liability under the Agreements and MLSEP assumes all such rights, obligations and liabilities. Without limiting the generality of the foregoing, MLSEP will be bound under the Agreements as if it had originally executed such Agreements on the commencement of the Term of the Agreement and notwithstanding this Assignment Agreement, MLSEL shall continue to remain jointly and severally liable with MLSEP with respect to all the terms and conditions of the Agreements until the expiry of their Term.
- d) Consent to assignment of the Lease Agreement for the Basketball Facility and the Lease Agreement for the West Annex shall be conditional on execution of the long form lease agreements.
- e) All other terms of the Agreements shall remain in full force and effect.
- f) Other such terms as acceptable to the Chief Executive Officer and the City Solicitor.

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Submitted by:



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Chief Executive Officer

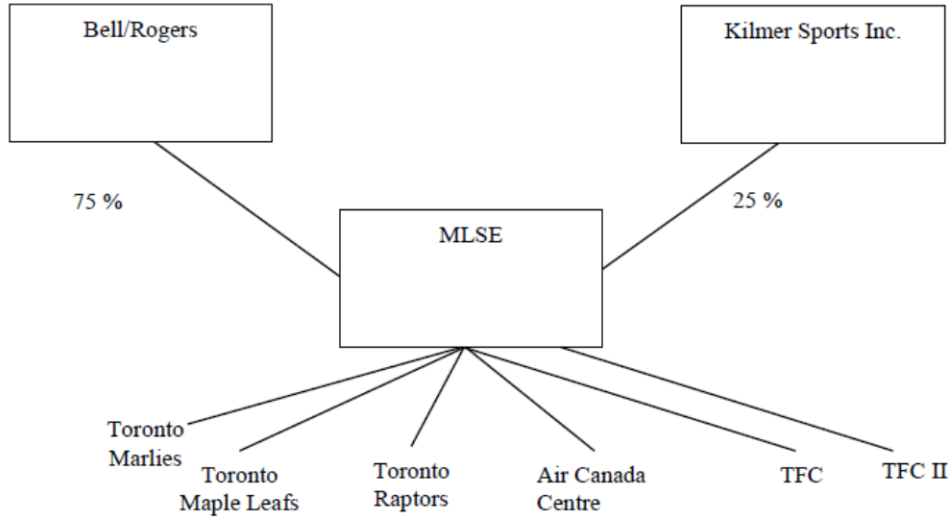
Appendix "A"
Outstanding Agreement with MLSE

| Type of Agreement | Agreement | Date of Agreement | Commencement | Expiration |
|--|--|-------------------|--------------|---|
| | | | | |
| Management Agreement | Original | 01/01/2007 | 01/01/2007 | 12/31/2017 |
| Management Agreement | Amendment – BMO converted to grass field | 10/01/2009 | 01/01/2007 | 12/31/2027 |
| Management Agreement | LOI – expansion | 05/09/2014 | 01/01/2007 | 12/31/2037 |
| Management Agreement | Restated LOI – expansion | 06/10/2014 | 01/01/2007 | 12/31/2037 |
| | | | | |
| Naming Rights Licence Agreement – "BMO" | Original | 01/01/2007 | 01/01/2007 | 21/31/2027 |
| Naming Rights Licence | Amendment – BMO converted to grass field | 10/01/2009 | 01/01/2007 | 12/31/2027 |
| Naming Rights Licence | LOI – expansion | 05/09/2014 | 01/01/2007 | 12/31/2037 |
| Naming Rights Licence | Restated LOI – expansion | 06/10/2014 | 01/01/2007 | 12/31/2037 |
| | | | | |
| West Annex Second Floor Office Lease | LOI | 07/13/2013 | 07/06/2013 | 07/05/2017 |
| | | | | |
| Lease Agreement – Basketball Training Facility | LOI | 08/14/2014 | 12/1/2014 | 20 year agreement with one renewal for 10 years |
| | | | | |
| Lease / Sublease Agreement – Ricoh Coliseum | Original | 06/06/2005 | 01/07/2005 | 30/06/2025 |

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.

