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September 6, 2000

TO: The Board of Governors of Exhibition Place

FROM: Dianne Young
General Manager & CEO

SUBJECT: IHL Project, Delay in Construction Start Date

Recommendations:

It is recommended that the Board approve the request from the Coliseum Renovation Corporation ("CRC") to delay commencement of construction of the renovations of the Coliseum from December 1, 2000, to November, 2001, immediately following the Royal Agricultural Winter Fair and direct staff to take the necessary action to give effect hereto.

Background:

At its meeting of June 25, 1999, the Board approved of the proposal for a long-term leased of the Coliseum to CRC for an IHL venue. At its meeting of July 27, 28, 29 and 30, 1999, Council adopted Clause No. 7 of Report No. 4 of the Policy and Finance Committee entitled "IHL (International Hockey League) Proposal for the Coliseum Building – National Trade Centre Complex" which gave Council approval of this project. Further, at its meeting of September 28, 1999, Council adopted Clause No. 5 of Report No. 7 of the Policy and Finance Committee which approved the disposition of the Coliseum lands pursuant to By-law No. 551-1998. Pursuant to the authority granted by Council, the Board entered into an Offer to Lease with CRC setting out the substantial terms and conditions of the agreement between the parties and CRC provided the Board with a non-refundable deposit of \$25,000 to pay for expenses incurred by the Board in relation to this project.

Discussion:

Since July, 1999, the IHL Steering Committee, chaired by Councillor Pantalone, Chair of the Board, has been negotiating with CRC to finalize the details of the lease terms during the Due Diligence Period which was extended from April to September, 2000. At its meeting of July 28, 2000, the Steering Committee agreed to a further extension of the Due Diligence period to October 1, 2000, and the City Solicitor communicated this extension and its terms to CRC by letter dated July 31, 2000 attached as Appendix "A". Mr. Ernie Cotzee, CRC, replied by letter

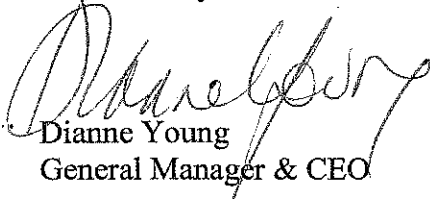
dated August 23, 2000, attached as Appendix "B" indicating that CRC would not be able to commence construction of the renovations until 2001 rather than December 2000. The reasons for this delay are as stated in the second report on this agenda entitled "IHL Project, Response to Request for Financial Support".

Staff are recommending this extension as it was becoming apparent to everyone that all the details necessary to provide the successful staging of construction commencing December, 2000, could not be finalized in the next two months. This is especially the case given the request for a loan guarantee from City of Toronto Council to be considered at the beginning of October. By making this decision now, the NTC can move forward immediately to rent the present Coliseum space for use in the 2001 trade and consumer show season thus mitigating revenue shortfalls in 2001 and also allows the Royal Agricultural Winter Fair and CNE to move forward with planning for 2001.

Conclusion

This report recommends that the Board approve of the revised construction time periods for the Coliseum to 2001.

Submitted by:



Dianne Young
General Manager & CEO

APPENDIX "A"



H.W.O. Doyle, I
City Solicitor
Legal Services
55 John Street, Me.
Stn. 1260, 26th Flr., Metro Hall
Toronto, ON M5V 3C6
Tel. (416) 392-8047
Fax (416) 397-5624

In Reply To: Edward A. Earle
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wearle@city.toronto.on.ca

File No. EE. B40-2200010.99

SENT BY FAX (222-3091)

July 31, 2000

Coliseum Entertainment Corporation
1290 Central Parkway West
Suite 200
Mississauga, Ontario
L5C 4R3

Attention: Mr. Ernest D. Coetzee, Senior Vice-President & C.O.O.

Dear Sir:

Re: Extension of Time Frames for Due Diligence Process

Pursuant to the direction of the IHL Steering Committee at its meeting of July 28, 2000, the Committee has agreed to extend the current dates of August 1 (deadline for provision of all information as required under section 3 of the Offer to Lease) and September 1 (determination by Board whether to proceed with the project) by one month, thereby establishing the new dates as September 1 and October 1 respectively. In all other respects, the Offer to Lease (June 21, 1999) shall remain unchanged, and time shall remain of the essence. Again, the September 1 date represents the minimum workable timeframe within which material submitted can be reviewed by the Board and an informed decision made by the October 1, 2000 deadline.

You have advised that it is your intention to adhere to the previous construction schedule—i.e. commencement on December 1, 2000, with construction to be completed by October 1, 2001. You have been advised as to the significant implications for the Board's booking revenues for the Coliseum building and the Royal Agricultural Winter Fair Horse Show Event should this schedule not be adhered to. The Coliseum Entertainment Corporation ("CEC") will be required to accommodate the Royal by finding an appropriate alternative location in the event that it cannot use the Coliseum building in 2001.

In consideration of the extension granted by the Steering Committee, you are requested to indicate your agreement to the following:

1. All information required to complete the Board's due diligence shall be submitted

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by CEC for review by the Board and its consultants AS SOON AS POSSIBLE and, in any event, no later than September 1, 2000. This information shall include the following:

- (a) All documents required to satisfy the Board with respect to the items listed in section 3(a) of the Offer to Lease, including the pro formas, IHL franchise agreement, marketing plan, construction budgets, financing agreements, contracted revenue agreements and other documents and information which may be required by the Board and its consultants. Pro formas are to be for the term of the Lease and should address all revenues and operating costs, capital reserve funds, and all taxes (realty, capital and income taxes). Pro formas and financing shall also address the costs to be incurred and paid during the construction period, including utilities, allocated staff costs and management fees. Key assumptions, such as attendance figures, are to be supported with comparable experience in other IHL facilities.
- (b) All plans and documents as set out in section 3(b) of the Offer to Lease, including proof of required insurance and performance security.
- (c) Copies of all applicable applications for approvals and permits required from the City of Toronto or other public authority.
- (d) Approval of construction plans and specifications by the City's Toronto Preservation Board and City Council, as required.
- (e) Acknowledgement of the acceptance of the Premises in an "as is" condition as per section 2(k) of the Offer to Lease.
- (f) A construction schedule prepared by PCL and a master schedule prepared by CEC, including key marketing events, activities and deadlines.
- (g) Delivery of the executed lease, management and concession agreements as set out in clauses 3(g)(i) to (iii).
- (h) Any additional information and assistance which may be required by the Board and its consultants to complete the due diligence in the timeframe requested by the CEC.

2. CEC shall make its representatives and consultants available during the months of August and September as required by the Board in order to assist the Board in its due diligence review.

3. CEC shall pay the costs incurred by the Board in the course of the due diligence process. To date, legal costs incurred are in the amount of \$7500.00.

4. CEC shall pay all future consultant costs incurred by the Board, including in-house legal counsel. Please be advised that the retention of the consultants required to review CEC's financial information and construction plans has been approved by the IHL Steering Committee as follows:

-Retention of Arthur Andersen (Pro Forma/Business Plan Review) - Maximum fee of \$32,500 (plus GST) and incidental disbursements.

-Retention of The RPA Group (Construction Consultants) - Flat fee of \$28,700

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(plus GST) for Phase I review of planned construction, including plans, designs, construction schedule and construction budget during the due diligence period. (Funds in the amount of \$25,000 may also be required to cover any sub-consultants required by RPA with respect to any structural or architectural review. RPA's retention arrangements shall also include work to be done during the Phase II construction period at a cost to be determined.)


5. CEC shall immediately retain a heritage consultant satisfactory to the City and the Toronto Preservation Board and shall request a review by heritage staff of the proposed alterations to the Coliseum to determine whether Council approval of an alteration application under the *Ontario Heritage Act* shall be required. In the event that Council approval is required, it is expected that City staff shall forward an application to Council for consideration in early 2001.

6. CEC shall immediately instruct PCL to begin consultation with Urban Planning and Development Services staff for the City of Toronto to determine the timeframe and requirements of the permit issuance process. In the event that Ontario Heritage Act approval is required, CEC shall explore the possibility of obtaining staged or preliminary permits to allow it to maintain its construction schedule pending the receipt of such approvals.

7. CEC shall confirm on August 15 whether its design program has commenced as indicated by PCL's representative to the Steering Committee.

Please confirm your agreement to the above by signing below and returning a copy of this letter to me.

Yours truly,



Edward A. Earle
Solicitor

I hereby acknowledge and agree to the above terms and conditions.

Ernest D. Coetzee
Senior Vice-President & C.O.O.
Coliseum Renovation Corporation, c.o.b.
as Coliseum Entertainment Corporation

I have authority to bind the corporation.

EE:ee

- c. Dianne Young, Exhibition Place (By Fax No. 393-6372)
Arlene Campbell, National Trade Centre (By Fax No. 263-3049)
Soo Kim Lee, City of Toronto, Legal Division
 (By Fax No. 905-896-1111)

APPENDIX "B"



COLISEUM

ENTERTAINMENT CENTRE



August 23, 2000

VIA FAX (416) 397-5624 AND REGULAR MAIL

Edward A. Earle
City Solicitor
Legal Services
55 John Street, Metro Hall
Stn. 1260, 26th Flr., Metro Hall
Toronto, Ontario
M5V 3C6

Dear Mr. Earle:

RE: Coliseum Entertainment Centre at Exhibition Place

Further to our meeting of August 21, 2000, this letter will confirm the intention of Coliseum Entertainment Corporation to **not** commence the operation of the Toronto Roadrunners Hockey Club at the Coliseum in October, 2001, but rather to commence operations in October, 2002, thereby requiring construction to be commenced in December, 2001.

We trust you will find this to be satisfactory.

Yours very truly,

COLISEUM ENTERTAINMENT CORPORATION

Ernest D. Coetzee
Senior Vice President & C.O.O.

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