Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork

<table>
<thead>
<tr>
<th>TO: Mayor and Members Committee of the Whole</th>
<th>WARD(S) AFFECTED: CITY WIDE</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMITTEE DATE: October 12, 2010</td>
<td></td>
</tr>
<tr>
<td>SUBJECT/REPORT NO: International Event Opportunities – 2015 Pan Am Games Update (CM09006(j)) (City Wide)</td>
<td></td>
</tr>
<tr>
<td>SUBMITTED BY: Chris Murray City Manager</td>
<td>PREPARED BY: Tony Tollis (905) 546-2424 ext 4549, Chris Phillips (905) 546-2424 ext 5304, Art Zuidema (905) 546-2424 ext 5639</td>
</tr>
</tbody>
</table>

Council Direction:

This report has been prepared further to Council’s approval of item 7, and more specifically recommendation (f), of the Committee of the Whole Report 10-024 (September 14, 2010) respecting Alternative Sites for Stadium Location for 2015 Pan Am Games which reads as follows:

(a) That the CP Rail yard at Aberdeen and Longwood be forwarded to Hostco as the venue location, agreed to by the City of Hamilton and the Hamilton Tiger-Cats, for the new Pan Am Stadium, subject to Items (b) and (c) below.

(b) That the Province of Ontario and the Federal Government, including P3 Canada, be formally requested to provide sufficient additional funding to expand the current proposed 15,000 seat Pan Am Stadium to a 25,000 seat facility as per CFL size requirements, international high performance sport standards and to meet additional land requirements and that the West Harbour development funding be included;

(c) That staff be directed to:

(i) engage in negotiations with property owners
(ii) complete Stadium use negotiations and funding arrangements with the Hamilton Tiger-Cats by September 30, 2010;
(d) That the City of Hamilton request the Ministry of Transportation to review traffic impacts on Aberdeen Avenue and request a review of the potential to widen the exit and entrance by adding two vehicle lanes in each direction and review the Main Street West interchange and Longwood Road;

(e) That on or before September 30, 2010, staff report back on the Provincial and Federal Governments’ willingness to fund, and financial commitment from the Tiger-Cats;

(f) That Staff report back to Committee of the Whole and Council by October 12, 2010.

The purpose of Report CM09006(j) is to report back to Committee of the Whole and Council in respect of item (f) of the foregoing Council direction.

Information:

Update on Negotiation Progress with the Hamilton Tiger-Cats

Since the last report (CM09006(i) was provided to the Committee of the Whole on Wednesday, September 29, 2010, further discussions have taken place with Representatives of the Hamilton Tiger-Cats. The Tiger-Cats have confirmed their interest in purchasing and developing 10 to 15 acres of the CP railyard site including a proportionate share of remediation and site development costs.

Given the preliminary feedback between City Planning Staff and Hamilton Conservation Authority Staff, it is becoming apparent that the existence of a ravine area on the subject lands might limit the amount of development that can proceed on site.

In addition to developing a portion of the site, the Tiger-Cats have agreed to make an $8,000,000 to $10,000,000 capital contribution to the stadium.

The Tiger-Cats have also agreed to pay a yearly amount of $200,000, through a ticket surcharge, for a capital reserve. The details of the arrangement that have been negotiated between staff and Tiger-Cat representatives to date, and subject to Council ratification, is included within a draft Memorandum Of Understanding attached to this report as (Appendix A) and is further detailed in the financial section of this report.

Hostco
Since Council’s direction of September 29, 2010, staff have engaged both Mr. Ian Troop, CEO, Toronto 2015, Mr. William Senn, Senior Vice President Infrastructure, as well as other officials from both Toronto 2015 and Infrastructure Ontario. Toronto 2015 has been informed of and understands the progress and the status of the City of Hamilton and the Hamilton Tiger-Cats, as well as the City's requests and discussions with both the Province of Ontario and the Federal Government. Both senior levels of government have also had detailed discussions directly with Toronto 2015 officials so to ensure a consistent approach to finding a solution on this issue.

Toronto 2015 continues to stress their needs for the City of Hamilton to make several key decisions and commitments, as communicated in their letter to City Manager Chris Murray dated September 23, 2010. Although TO2015 recognizes the strides all have taken and are willing to accept further delays on a contingent basis, they have established an absolute and final deadline of February 1, 2011 for the City to provide the necessary information and confirmations.

Specifically, Toronto 2015 has communicated to staff that they require several actions by the City, which include:

1. Re-affirm its position of site and staff direction, as approved on September 14, 2010;
2. Implement a plan for Environmental Assessment (EA) proceedings and site remediation;
3. Immediately commence a detailed functional programming with the authorized TO2015 / IO / PDC consultant, using BMO Field reconfigured for CFL use as the programming guide;
4. Agree to reimburse TO2015 for 100 per cent of any incurred IO advisor costs (i.e. PDC) in the event that the City of Hamilton decides not to finance a stadium in Hamilton, the cost of which is estimated with an upset limit of $500,000;
5. Re-Confirm that the City will provide an assurance to TO2015 that the funding shortfall between the TO2015 - 15,000 seat Pan Am quality venue and the 25,000+ seat CFL quality venue will be addressed and source of funds identified;
6. That the Absolute final deadline to provide funding assurances is February 1, 2011.
Since Council's direction of September 29, 2010, staff have continued to update and discuss the progress of all discussions with senior officials within the Province of Ontario. Discussions have included details on all elements of the discussions to date including the details of the negotiations with the Tiger-Cats and CP Rail, and have included detailed order of magnitude cost approximations of the funding gap.

They have indicated optimism with the progress that has been made by the City in partnership with the Hamilton Tiger-Cats and their private-sector partners, in the ability to come together and look for a solution for the stadium location, its financial sustainability, and its lasting legacy. They have also indicated a willingness to accept a further extension of the deadline to provide the final commitments to Toronto 2015.

The Province continues to indicate a willingness to partner with the City for an additional level of funding for stadium size and land acquisition beyond their existing Pan Am commitment. With the financial details of the transactions still being worked out, financial details and funding commitments from the Province are still premature at this time.

**Federal Government**

Since Council's direction of September 29, 2010, staff and our consultants have continued to update and discuss the progress of all discussions with senior officials within the Federal Government. Like the Province, discussions have included details on all elements of the discussions to date including the details of the negotiations with the Tiger-Cats and CP Rail, and have included detailed order of magnitude cost approximations of the funding gap.

The Federal Government continue to highlight that collectively, all levels of government have already contributed $125 million to the stadium project and that they are looking for private sector support. At this time we do not have a formal response from the Federal Government on the Hamilton Tiger-Cats new commitments to capital and operational funding for the stadium as well as their private-sector development commitments. Like the Province, they have indicated optimism with the progress that has been made by the City in partnership with the Hamilton Tiger-Cats and their private-sector partners, in the ability to come together and look for a solution for the stadium location, its financial sustainability, and its lasting legacy, and have indicated a willingness to accept a further extension of the deadline to provide the final commitments to Toronto 2015.

**Status of CP Rail Land Negotiations**
Staff from the City's Real Estate division have been in consistent dialogue with staff representatives of CP Rail's real estate division. As well, the City Manager has also been in direct contact and dialogue with senior corporate officials within CP Rail who have agreed to continue their direct engagement in the real estate transaction. Although specific details of the negotiations can be further detailed, this information can be provided in a confidential presentation to Council.

**Ivor Wynne Stadium and West Harbour Precincts**

Council has directed staff to ensure that both the Ivor Wynne and the West Harbour precincts continue to be priorities of the City regardless of the final location of the stadium. Although staff have not provided any concrete recommendations for the re-development of either sites, staff are putting together several options for Council's consideration, and will report back to Council within the short-term on these plans.

Of specific short-term actions to be taken, staff will be seeking Council's approval to begin the process of demolition within the land holdings in the West Harbour area. Staff believe that many of the properties acquired within this precinct are in a condition where demolition and the maintenance of the property is of paramount public interest. A move toward the demolition of these properties would send a clear message to the neighbourhood of the City's commitment to the re-development of an area of prime importance for the City's future.

**Planning Status**

A publicly owned 25,000 seat stadium, as a use, is permitted on the CP Railway site and would be in conformity with Provincial legislation as well as the existing and new Official Plans. The use is permitted under the Zoning By-law and will require an amendment to permit the reduction of the required 4,200 parking spaces to approximately 2,200 spaces, which is an appealable development application.

With the removal of the lands from the approved new Industrial Zones, currently under appeal at the Ontario Municipal Board, the uses proposed by the Tiger-Cats will be permitted.

**Traffic Infrastructure**

Following the identification of the CP Rail lands as the City's current focus, Public Works staff worked with McCormick Rankin Corporation (MRC) to determine the traffic impacts and road improvement requirements associated with a stadium on the CP Rail lands south of Aberdeen Avenue.
The Kirkendall Transportation Master Plan (TMP), completed in 2006 by MRC, recommended the widening of Longwood Road to five lanes, from the bridge to Aberdeen Avenue, intersection improvements at Aberdeen and Longwood, the extension of Frid Street to Longwood Road to provide a route through McMaster Innovation Park (MIP) and the provision of access to westbound Highway 403, west of Longwood Road (connect Main West to the 403 via the Aberdeen on ramp). Environmental Assessments and streetscaping plans for Longwood and Frid have proceeded. Staff are currently working with the Ministry of Transportation (MTO) regarding the proposed westbound 403 access, and discussions have been positive with respect to the addition of this ramp. MTO is supportive of the Pan Am initiative and committed to working with Hamilton staff on this.

As it relates to the Traffic Study, two scenarios were analyzed by MRC for the CP stadium site:

1. included road and highway improvements, such as ramp work, widenings for turn lanes, bridge removals, and intersection improvements;

2. included only Longwood Road and Frid Street improvements (as recommended in the Kirkendall TMP) and minor improvements.

Both scenarios assumed:

- 25% of fans would arrive between 5 and 6 pm
- 70% would arrive between 6 and 7 pm
- 5% would arrive after 7 pm
- games on Friday nights
- 4,000 parking spaces at the stadium or in the general area
- fans come from the same areas as provided by the Tiger-Cats in their Forward Sortation Area (postal coda) data
- full build-out of WHID and MIP
- stadium seating capacity of 25,000
- 2.6 passengers per car
- 5% of fans arriving by transit
- 5% of fans arriving on foot or by cycling
- the remaining fans arriving by shuttles
- four thousand (4000) parking spaces at or around the stadium.

With road and highway improvements in place (scenario 1), and with the assumptions noted above, traffic to and from the stadium, WHID and MIP can move at a rate that can be termed “reasonable” for peak period travel. Some intersections will experience delays beyond what we typically plan for, but drivers often expect that at rush hour or when driving to an event destination. Traffic will continue to move, and will use all

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork
available routes to get to the stadium (403, Aberdeen, Longwood, Studholme [secondary access to stadium]).

With only improvements to Longwood and Frid (scenario 2), and with the assumptions noted above, traffic to and from the stadium, WHID and MIP will experience extensive delays. Traffic will be at a standstill on Longwood, from the stadium to Main West; on Main West from Longwood, past the 403 off-ramp and approaching McMaster; and on the 403 itself. MTO will not support this scenario.

The cost estimate for the traffic infrastructure required for the development of the stadium has been estimated at approximately $6,000,000 and is further referenced in the traffic report. Further details with respect to traffic improvements for the stadium facility and other traffic improvements already deemed necessary for the wider geographic area will be provided in our next report.

As noted earlier, the above analysis is based on a number of assumptions, one of which is that the games are held on Friday nights. Traffic conditions could be expected to improve if games were held on Saturday afternoons, because there would not be the same concentration of drivers leaving work at MIP and WHID competing for road space with fans driving to the stadium. However, Saturday games are not expected to eliminate the need for roadway or highway improvements.

**Environmental Conditions**

DCS reviewed existing environmental data for the CP Rail Yard site, and provided a cost estimate for remedial or risk assessment-based mitigative action of the site. Based on their analysis of data provided, DCS believes a risk management approach will be sufficient to meet MOE conditions for a Record of Site (RSC). The estimated cost for the risk management approach for the CP Rail Yard site is $3,300,000 which is inclusive of project management work, capital risk management costs and engineering and related design and assessment costs. This figure does not include demolition or decommissioning of any structures on the site, nor does it include removal of the tracks. Additional costs would include removal of concrete slab, and potentially the removal of some fill if all of the excavated soil cannot be dealt with on the site. It is important to note that the costs provided have not yet been subject to detailed review although they are considered to be representative and reflect the general level of effort required.

**Site Servicing Costs**

Based on information provided to Horizon Utilities, the cost of extending hydro service to the site is estimated to be in the range of $250,000 to $300,000. This estimate is based on the proviso that two existing feeders, that currently feed the former Camco
Warehouse, have sufficient spare capacity. Once a site location is finalized, Horizon will provide a more accurate estimate.

Union Gas have confirmed adequate gas supply in the area sufficient to handle the same load, and more, as at the current Ivor Wynn facility. Depending on where the stadium would be positioned on the site and how far they would have to run to get the service where it needs to be on the new facility, an economic analysis would be run to come up with an actual cost.

External costs for sanitary and water services are not anticipated. Servicing costs within the site, for sanitary and water services, would be a cost attributable to the development.

**Displacement of Existing Businesses**

The development of the CP site on Aberdeen and Longwood for a stadium and other uses will result in the displacement of two businesses. The first is a business that unloads and distributes bulk product by rail. At this point it is not clear as to what costs would be incurred in order to relocate this facility.

The second is a 150,000 square foot warehousing and trans-shipment operation that has multiple customers in Hamilton, Ontario and North America. Current municipal taxes on the facility are $213,430.00 with approximately 65 employees involved in administration, sales, operations and logistics. The facility averages between 1800 - 2000 rail cars per year that are loaded and unloaded in the climate controlled facility. The proximity of rail yards and the ability to have rail service into the building are essential for their operations. The loss of this business will have a direct impact on employees (relocation) and the company’s local customer base.

**Taxes**

Based on the Tiger-Cat development proposal contemplated in Appendix B, the City can anticipate annual taxes in the order of $500,000 compared to the existing tax yield referenced in the above section of approximately $214,000.

**City Resources That Have Been Applied to the Stadium Project**

Further to a request from Council, staff have prepared estimates of both the revenues that have been applied, and the staff time that has been focused on the stadium project.

These estimates indicate an expenditure of approximately $10,000,000 (Appendix C) and staff time since May 1, 2010, of approximately 694 days (Appendix D). The bulk of the expenditures to date are related to land acquisition expenses.
Next Steps: Additional Stadium Related Costs

In order to keep to HOSTCO’s stadium delivery deadlines, Infrastructure Ontario (IO) must start the next steps in the capital project construction process. Over the next several months, IO would undertake and complete the PDC (Planning, Design & Compliance) process for a new Stadium to be located at the CP Rail site. HOSTCO and IO will hire a project consulting team led by an architect to determine the Stadium’s functional plan and design elements which are needed before the project can go out to an RFP process.

The cost of these next steps are expected to be about $500,000 and would form part of the capital construction budget which would ultimately be cost shared with HOSTCO, the Province, the Federal Government and the Tiger-Cats. Should the City not proceed with a new 25,000 PAN AM Stadium due to lack of senior government funding, then HOSTCO would need to be re-imbursed 100% of this cost, which would be the City’s responsibility.

P3 Canada

Staff submitted a Preliminary Submission application for Round 2 of the P3 Canada Fund in June 2010. The submission was inclusive of the Pan Am athletics stadium and warm-up track, as well as the velodrome, on the West Harbour site. Prior to, and following, submission of the application, city staff provided clarification to P3 Canada staff on the scope of the venues outlined in the application. The P3 Canada Board of Directors met in mid-September to review the preliminary applications, and the outcome was consistent with the Federal Government’s current position of not funding stadia that support professional teams. P3 staff indicated that should Hamilton decide to reissue the submission for just the velodrome, then a new preliminary assessment would be undertaken. It is important to note, however, that the federal stacking provisions are still in place and would need to be considered as part of the Preliminary Assessment. The federal stacking provision does not allow for the federal government to contribute more than 25% of the total project cost.

FINANCIAL ANALYSIS

Memorandum of Understanding City / Tiger-Cats

The Tiger-Cats and the City have reached a tentative Memorandum of Understanding for the participation in the building and operation of the Pan Am Stadium. The highlights of this agreement are as follows:
1) The Tiger-Cats agree to contribute $10,000,000 over the next 10 years towards the construction of the stadium. Subject to the terms/timing of these payments, this will make available $8 million to $10 million in capital financing.

2) The Tiger-Cats will enter into a 20 year agreement.

3) The Tiger-Cats agree to purchase 10 to 15 acres of land which will be developed commercially and expected to yield approximately $500,000 in municipal taxes a year.

4) Tiger-Cats agree to operate the Stadium at no risk to the City.

5) Tiger-Cats will contribute $200,000 annually to a Capital Reserve fund to be held by the City. The Tiger-Cats will fund their contribution through a ticket surcharge.

6) City agrees to pay the Tiger-Cats $300,000 annually as a management fee for running the Stadium and assuming the associated risk.

7) The City can use the Stadium for community uses at no additional cost. We can also use the Stadium to host special provincial, national and international events and the Tiger-Cats will work with the City to attract and host these events.

8) Tiger-Cats are willing to create a “Hamilton Legacy Foundation” regarding the redevelopment of the Ivor Wynne and West Harbour Sites. A proposal in this regard will be forthcoming.

9) Tiger-Cats have obtained an exclusive option for a North American Soccer League franchise for Hamilton and have begun the formal application process and will use their best efforts to acquire a NASL franchise to play out of the new Pan Am stadium.

10) The Tiger-Cats plan to start a soccer academy in conjunction with the operation of the professional soccer team.

11) The Tiger-Cats retain naming rights and other advertising revenues to offset the cost of running the Stadium.

The draft Memorandum of Understanding with the Tiger-Cats represents a fair and balanced approach between managing risk, allocation of stadium revenues and ensuring a sustainable business arrangement for its successful operation.


Stadium Costs and Funding

<table>
<thead>
<tr>
<th></th>
<th>PREVIOUS ESTIMATE</th>
<th>CURRENT ESTIMATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2012 $Million</strong></td>
<td><strong>Sept.29, 2010</strong></td>
<td><strong>ESTIMATE</strong></td>
</tr>
<tr>
<td>Total Construction Cost</td>
<td>160.0</td>
<td>160.0</td>
</tr>
<tr>
<td>Traffic Infrastructure</td>
<td></td>
<td>6.0</td>
</tr>
<tr>
<td>Total</td>
<td>160.0</td>
<td>166.0</td>
</tr>
<tr>
<td>Total Land Associated Costs</td>
<td>In Camera</td>
<td>In Camera</td>
</tr>
<tr>
<td>Hostco. Contribution</td>
<td>70.3</td>
<td>70.3</td>
</tr>
<tr>
<td>City of Hamilton Contribution</td>
<td>55.0</td>
<td>55.0</td>
</tr>
<tr>
<td>Total Funding To Date</td>
<td>125.3</td>
<td>125.3</td>
</tr>
<tr>
<td><strong>STADIUM SHORTFALL (EXCL. LAND)</strong></td>
<td>34.7</td>
<td>40.7</td>
</tr>
</tbody>
</table>

**AVAILABLE SOURCES OF FUNDING**

<table>
<thead>
<tr>
<th>Source</th>
<th>PREVIOUS</th>
<th>CURRENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ivor Wynne Development Proceeds</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Ticket Surcharge ($1 per Deloitte)</td>
<td>5.0</td>
<td>-</td>
</tr>
<tr>
<td>Capitalize 500K / 750K of Existing Budget</td>
<td>5.0</td>
<td>7.5</td>
</tr>
<tr>
<td>Tiger-Cat Contribution</td>
<td>-</td>
<td>8.0-10.0</td>
</tr>
<tr>
<td><strong>TOTAL AVAILABLE FUNDING</strong></td>
<td>15.0</td>
<td>20.5 - 22.5</td>
</tr>
</tbody>
</table>

**Taxes and Development Charges Implications**

In order to assume that foregone property taxes and Development Charges exist, we would have to assume that the CP lands are marketable and that there exists a market for development. Unlike the East Mountain Property which is a greenfield, the CP property is a brownfield development which has an existing business on it that would have to be relocated. As well, there has not been any indication from CP to date that would indicate their intention of developing the land for any other purpose should the City not purchase the land for the Stadium. It is also noted that the cost of clean up and relocation may effectively put the property out of the purchase range of any type of commercial development.

---

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork
The current Municipal Taxes on the property is approximately $275,000. Based on suggested Tiger-Cat development, the Municipal Taxes would be approximately $500,000 and corresponding Development Charges of about $940,000 on the 10 to 15 acre development parcel that the Tiger-Cats would acquire.

Appendices:

Appendix A – Draft Memorandum of Understanding
Appendix B – Tiger-Cat Development Proposal
Appendix C – Resources That Have Been Applied to the Stadium Project
Appendix D – Staff Hours Applied to the Stadium Project
Appendix E – Letter from Hostco

TT/CP/AZ/db
Attach. (5)
Draft Memorandum of Understanding

Between the

City of Hamilton and the Hamilton Tiger-Cats

October 7th, 2010

Whereas, the Province of Ontario in partnership with the Government of Canada have been awarded the 2015 Pan Am Games; and

Whereas, Hostco on behalf of the Government of Canada and the Province of Ontario has the responsibility to coordinate and direct the construction of the necessary facilities and host the Pan Am Games; and

Whereas, the City of Hamilton has been invited by Hostco to propose certain major recreation facilities including a new Stadium and velodrome to host specific events; and

Whereas, the Parties agree that the CP Aberdeen site is an excellent site for a new Stadium and a new Stadium requires a long term viable business plan with a major tenant; and

Whereas, the City acknowledges the investment in excess of $30 Million Dollars made to date by Bob Young in keeping the Hamilton Tiger-Cats football franchise in the Ivor Wynne Stadium and appreciates that the Tiger-Cats organization may be required to invest an additional $8 - $10 Million to sustain the Franchise until the new Stadium is operational for the 2014 season or earlier if possible.

Whereas, in addition to generating economic activity as indicated in the Altus Report, the Tiger-Cats provide a number of tangible and intangible benefits to the Community, including youth sports development, and a role in promoting the tourism sector across the City.

Whereas, the Hamilton Tiger-Cats require a new Stadium built to CFL standards with a minimum of 25,000 permanent seats and an ability to seat 45,000 persons for a Grey Cup game to sustain the long term future of the Tiger-Cats sports organization, as well as to attract additional new sport and entertainment events to Hamilton for the benefit of the City.

The Parties wish to enter into a 20 year agreement for the financing and operation of a 25,000 seat Stadium with an ability to seat 45,000 persons for a Grey Cup on the CP Aberdeen site.

The Parties agree to purchase the CP Aberdeen site (55 acres, more or less) with the City of Hamilton acquiring approximately 35 to 40 acres for the Stadium with a minimum of 2,200 on-site parking spaces, for use by events at the Stadium and other community uses including McMaster University. The Tiger-Cats organization will purchase the
balance of the CP Aberdeen site, currently estimated to be in the range of 10 to 15 acres.

Both parties will share in the acquisition, remediation, servicing and development costs related to their respective properties and in common based on their proportionate holding.

The cost for the relocation of the tenant currently occupying a portion of the CP Aberdeen site, is the responsibility of the City.

The Tiger-Cat organization will develop their 10 to 15 acre parcel for Sports Entertainment uses including a possible Hotel Conference Centre which are complimentary to the new Stadium and the adjacent McMaster Innovation Park. The permitted uses will be agreed by both parties. The investment value of the completed development is estimated by the Tiger-Cats at $30 to $50 Million dollars.

The City and Tiger-Cats organization will apply for at least 2 Grey Cup Championship Games. The first to coincide with either the opening season of the new Stadium or as soon as possible, and the second within 10 years.

In order to make this Stadium a reality, significant investments must be made by the Tiger-Cats, the Province of Ontario, the Federal Government and the City of Hamilton. In addition the Tiger-Cats will assume the risk of operating the new Stadium for a period of 20 years. The City will have access for Community use throughout the year as provided for in the operational agreement.

The Tiger-Cats agree to pay the City $10,000,000 over a period of 10 years as their contribution to the Construction Cost of the Stadium. Subject to the terms of the payment, this will provide between $8,000,000 and $10,000,000 towards the construction cost of the stadium currently estimated at $160,000,000.

The Tiger-Cats will contribute $200,000 annually to the City of Hamilton Capital Reserve to be used to defray any capital maintenance expenses. The Tiger-Cats will make use of a ticket surcharge to pay their annual $200,000.

The operational agreement for the new Stadium will allow the City to re-allocate the existing $1.25 Million dollar annual expense currently being made to maintain Ivor Wynne Stadium as follows:

1. $750,000 annually to support a capital investment in the Stadium construction costs; and
2. $200,000 annually into a City of Hamilton Capital Reserve to discharge City responsibilities for replacement of Turf and major infrastructure renewal; and
3. up to $300,000 annual Management fee for the operation of the Stadium.

It is acknowledged by both parties that the City will realize new property tax assessments from the development of the Tiger-Cats’ 10 to 15 acre development.
Both Parties further agree to work together to develop and execute a Pan Am legacy strategy to improve the health and well being of the Community.

**Hamilton Legacy Foundation**

Given the long history of the Tiger-Cat organization at the Ivor Wynne Stadium, the Tiger-Cats organization would like to assist with the redevelopment of the site so as to create a positive influence on the area. To this end Bob Young is prepared to create a “Hamilton Legacy Foundation” regarding the redevelopment of the Ivor Wynne and West Harbour Sites, and will forward a proposal to the City, for its consideration, outlining the precise nature of the assistance which the Tiger-Cats may be able to provide.

**Soccer Franchise**

Hamilton Tiger-Cats have obtained an exclusive option for a North American Soccer League franchise for Hamilton and have begun the formal application process and will use their best efforts to acquire a NASL franchise to play out of the new Pan Am stadium.

**Soccer Academy**

The Tiger-Cats have been in contact with the Canadian Soccer Association, the Ontario Soccer Association and the Hamilton and District Soccer Association to begin the process of setting up a regionally focused soccer academy catering to recreational and elite level players, soccer coaches and administrators. The Tiger-Cats plan to start this academy in conjunction with the operation of the professional soccer team.

**Pan Am Legacy Funding**

The Pan Am Legacy fund is directly related to high performance amateur sport which may no longer be staged at the new Stadium to the extent originally contemplated in the Pan Am bid bool proposal. As a result any ongoing funding from the Pan Am Legacy Fund may or may not be available for the Pan Am Stadium.

**Operating Agreement**

The Parties will work diligently to finalize an Operating Agreement for the Stadium in accordance with the outline of necessary Terms and Conditions contained in Appendix “A”.
APPENDIX “A”

NECESSARY TERMS AND CONDITIONS OF AN OPERATING AGREEMENT

1. The Term of the Agreement shall be for 20 years.

2. The Agreement will contain a “Key Person” clause relating to the ownership of the Tiger-Cats by Bob Young.

3. The Agreement will provide that, except for turf replacement, and capital maintenance items covered by the Design, Build, Finance, Maintain obligations of the Stadium constructor or the City, the Tiger-Cats are responsible for all Stadium, and On-Site Parking, upkeep and maintenance to standards to be established in the Agreement.

4. The Agreement will provide for the Tiger-Cats to operate a CFL franchise in the stadium for the playing of all of the franchise’s home games, except for possible neutral site games mandated by the CFL. The number of neutral site games can not exceed one per season.

5. The Agreement will provide for the Tiger-Cats to operate a professional soccer franchise in the stadium for the playing of all of the franchise’s home games, except for possible neutral site games mandated by the league. The number of neutral site games can not exceed one per season.

6. The Agreement will provide for the Tiger-Cats to operate a soccer academy in the stadium with a view to aiding the development of soccer players, soccer coaches and soccer officials in Hamilton, in Ontario and in Canada.

7. The Tiger-Cats agree to pay the City $10,000,000 over a period of 10 years as their contribution to the Construction Cost of the Stadium. Subject to the terms of the payment, this will provide between $8,000,000 and $10,000,000 towards the construction cost of the stadium currently estimated at $160,000,000.

8. The Agreement will provide for the Tiger-Cats to be responsible for all operating expenses of the Stadium including the On-Site Parking, and to receive all revenues at the Stadium, including parking revenues.

9. The Agreement will provide for the City to pay to the Tiger-Cats an annual Management Fee which shall be equal to 10% of the Stadiums gross operating expenses, to a maximum of $300,000.

10. The Agreement will provide that the Tiger-Cats must make the Stadium available to the City for reasonable access, for community uses at no charge to the City and for other City events (such as provincial, national or international events). The Tiger-Cats and the City pledge to work together in attracting and hosting special events. For these other revenue generating special events, the stadium operating costs will be covered. Scheduling of community uses will be done in
such a way as not to interfere with CFL or professional soccer uses of the Stadium. This will accord both with any obligations imposed by the Pan Am Games funding arrangements and with City policies on community uses. The Tiger-Cats will not be permitted to charge more for community uses than the City may approve from time to time. The City in setting the rates for community uses will have regard to rates established for similar uses at other publicly owned stadiums, arenas, theatres etc. in the City. The Ti-Cats shall not be entitled to compensation with respect to community access beyond the City’s annual contribution of $300,000.

11. The Agreement will provide that the Tiger-Cats shall provide to the City security for the performance of their obligations under this Agreement in an amount to be determined in the form of cash or a letter of credit satisfactory to the City. Such security shall be kept in place for the life time of the Agreement. The Agreement will detail the circumstances in which the City may call upon the security during the course of the Agreement to remedy a Default, and further will provide that in such an event the Tiger-Cats will immediately cause the security to be restored to the full amount required.

12. The Agreement will provide that the City is responsible for the expense of turf replacement as required.

13. The Agreement will provide for the City of Hamilton and the Tiger-Cats to each contribute $200,000 annually to the City of Hamilton Capital Reserve to be used to defray any capital expenses which may be the responsibility of the City, including turf replacement.

14. The Tiger-Cats will make use of a ticket surcharge to pay their annual $200,000 contribution into the City’s Capital Reserve to discharge City responsibilities for replacement of Turf and major infrastructure renewal.

15. The Capital Reserve shall be the property of and controlled by the City of Hamilton.

16. The Agreement will provide for the Tiger-Cats to obtain and maintain at its own expense, including the cost of any applicable deductible, the following policies of insurance.

- Commercial General Liability Insurance; in an amount to be determined to insure the obligations of the Hamilton Tiger-Cats Football Club to operate and maintain the Stadium and On-site Parking; endorsed to include the City of Hamilton as additional insured and if applicable, endorsed to include coverage for Host Liquor Liability. Coverage to include Non Owned Automobile Liability, Advertiser's Liability and with no exclusions or restrictions for spectator liability and including extended bodily injury for the protection of people and property. Premises liability shall include, if applicable, Garage Liability arising from parking lot operations.
- With respect to their party operations:
- Commercial General Liability Insurance with respect to the third party operation of liquor concessions; endorsed to include Host Liquor Liability and endorsed to include the City of Hamilton as additional insured.
- Commercial General Liability Insurance with respect to the third party operation of food and souvenir concessions; endorsed to include the City of Hamilton as additional insured.
- Automobile Liability Insurance for vehicles Owned or Leased by the Hamilton Tiger-Cats Football Club;
- All Risk Property Insurance to insure the Stadium and On-site Parking, to insure Property of Every Description, including Boiler and Machinery for its full replacement value and showing the City as loss payee as their interest may appear.
- Loss of Profits Insurance in an amount sufficient to cover the actual loss sustained.
- If the Hamilton Tiger-Cats Football Club will be handling money or securities on behalf of the City; Comprehensive Crime Insurance, broad form coverage for dishonesty, disappearance and destruction.

17. The Agreement will contain clauses requiring The Ti-Cats to indemnify, save harmless and defend the City against any manner of claim which may arise out of the operation of the Stadium or the On-site Parking during the term of the Agreement.

18. Use of Naming rights will remain for the sole use of the Tiger-Cats organization to defray stadium costs, which are estimated to be between $3,000,000 and $3,500,000 per year.

19. This is intended to reflect the main aspects necessary for an Agreement. The City reserves the right to add other items as may be advisable. Any Agreement will also be subject to including any number of other clauses which reasonable and prudent parties would have in a commercial agreement.

20. The City and the Tiger-Cats will be involved in the commissioning of the new stadium.

21. A management committee involving the City and the Tiger-Cats will be established.
## Resources that Have Been Applied to the Stadium Project

<table>
<thead>
<tr>
<th>Estimated Costs</th>
<th>To September 30, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pan Am Office</td>
<td>97,000</td>
</tr>
<tr>
<td>Advertising</td>
<td>33,000</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>48,000</td>
</tr>
<tr>
<td>Consulting</td>
<td></td>
</tr>
<tr>
<td>- Financial / Strategic</td>
<td>268,000</td>
</tr>
<tr>
<td>- Traffic Management</td>
<td>207,000</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>114,000</td>
</tr>
<tr>
<td>Environmental Testing</td>
<td>410,000</td>
</tr>
<tr>
<td>Real Estate</td>
<td>8,869,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>10,046,000</strong></td>
</tr>
</tbody>
</table>
Staff Hours That Have Been Applied to the Stadium Project
Since May 1, 2010

Planning 30 days
Pan Am Office 94 days
Corporate Services 56 days
Real Estate 210 days
Public Works 36 Days
Economic Development 10 Days
Legal Services 73 days
Community Services 35 days
City Manager's Office 150 days

694 days
October 8, 2010

Mr. Chris Murray  
City of Hamilton, City Manager  
71 Main Street West  
Hamilton, ON L8P 4Y5

Dear Chris,

The Hamilton stadium is a major component of the TO2015 “stadia” build program. As such, delays in site decisions in Hamilton have a dramatic effect on the TO2015 in several ways:

1. **The Hamilton stadium spearheads TO2015’s “buying power” in the marketplace.**

   All of the venues have been planned based on a set of criteria that allow for a specific purchasing strategy and staging program. Proceeding either without the Hamilton stadium, or even proceeding out of sequence can translate into incremental costs for both the stadium itself, as well as the balance of the Pan Am projects. As the organization responsible for delivering the Games “on-time and on-budget” we want to ensure that the City of Hamilton realizes the ramifications that further delays have on the remainder of the TO2015 program.

2. **Decision Delays on the site mean a delayed opening date for the stadium.**

   Like all construction projects, the later you wait to start the project and when you start, the later it takes finish. Site decisions made in today’s time-frame will lead to a late summer 2014 availability. If these same decisions are delayed until early 2011, they will lead to a spring 2015 completion, just months away from the start of the Games themselves. Like all new buildings this stadium will need to be commissioned upon completion and operations personnel trained. Several events are needed to “break in” the building and operations in advance of the event load contemplated for the Pan Am Games. As provided for in our agreement with PASO we are required to run test events which are contemplated for fall 2014. Delivering the stadium in spring 2015 compromises the test event requirement and significantly jeopardizes the Games service level standard in Hamilton. We are not prepared allow a “Delhi-like” situation to unfold. Again, TO2015 is charged with delivering the Games “on-time and on-budget”, as such, delays in the site for the Hamilton stadium will affect the integrity of our Games venue planning across all venues.

3. **Absolute final deadline to build a stadium in Hamilton is February 1, 2011.**

   TO2015 applauds the City of Hamilton, the Hamilton Tiger Cats, the Province of Ontario, the Federal Government, and all other parties for their ability to come together and look for a solution for the stadium location, its financial sustainability, and its lasting legacy. Although TO2015 recognizes the strides all have taken and are willing to accept further delays on a contingent basis, we must establish an absolute and final deadline of February 1, 2011 for the City to provide the necessary information and confirmations, as stated clearly in my letter dated September 23, 2010.

   To be clear, if there is no resolution by February 1, 2011, TO2015 will implement its contingency plan for its soccer program which will include a smaller community sized stadium in another municipality.
4. Site environmental assessment process and remediation must start immediately.

In order to deliver a clean site ready for the start of construction by no later than April 1, 2012, the City of Hamilton must be in a position to have the site environmental assessment and remediation processes start immediately. As these processes could ultimately jeopardize the City's ability to conclude both a sale transaction and leasehold negotiations, TO2015 strongly recommends that the City start these processes immediately, and in a concurrent fashion to the final site selection process.

5. TO2015 requires a viable contingency plan for soccer.

TO2015 requires a viable contingency plan for our soccer program in the event that the City of Hamilton decides not to support a stadium in Hamilton. With further delays in deciding on a site of the stadium in Hamilton, TO2015 will need to explore other contingent options so to ensure a venue plan “on-time and on-budget”.

With these principles as background, the following are the items that we require action from the City of Hamilton:

1. Re-affirm its position, as approved on September 14, 2010:
   a) “That the CP Rail yard at Aberdeen and Longwood be forwarded to HOSTCO (TO2015) as the venue location, agreed to by the City of Hamilton and the Hamilton Tiger-Cats, for the new Pan Am Stadium, subject to Items (b) and (c) below.
   b) That the Province of Ontario and the Federal Government, including P3 Canada, be formally requested to provide sufficient additional funding to expand the current proposed 15,000 seat Pan Am Stadium to a 25,000 seat facility as per CFL size requirements, international high performance sport standards and to meet additional land requirements and that the West Harbour development funding be included;
   c) That staff be directed to:
      i) engage in negotiations with property owners
      ii) complete Stadium use negotiations and funding arrangements with the Hamilton Tiger-Cats”

2. Implement a plan for Environmental Assessment (EA) proceedings and site remediation.

In order to deliver a clean site ready for the start of construction by no later than April 1, 2012, the City of Hamilton must be in a position to have the site environmental assessment and remediation processes start immediately.

3. Immediately commence a detailed functional programming with the authorized TO2015 / IO / PDC consultant, using BMO Field reconfigured for CFL use as the programming guide.

4. Agree to reimburse TO2015 for 100 per cent of any incurred IO advisor costs (i.e. PDC) in the event that the City of Hamilton decides not to finance a stadium in Hamilton. The estimated upset sum for IO advisor costs is $500,000 prior to the Absolute final deadline as noted in point 6 below.
5. Re-Confirm the TO2015 position, as stated in item (7.) of the letter dated September 23, 2010, that:

“The City should prepare a document that provides assurances to TO2015 that the funding shortfall between the TO2015 - 15,000 seat Pan Am quality venue and the 25,000+ seat CFL quality venue has been addressed and source of funds identified”.

6. That the Absolute final deadline to provide funding assurances is February 1, 2011.

We look forward to the City of Hamilton’s continued participation on a critical piece of our Games footprint.

Respectfully,

Per/

Ian Troop
Chief Executive Officer
Toronto 2015 Pan/Parapan American Games