



The Corporation of the TOWN OF MILTON

Report to: Mayor G.A. Krantz & Members of Council

From: Jennifer Reynolds, Director, Community Services
Bill Mann, Director, Planning & Development
Linda Leeds, Director, Corporate Services & Treasurer

Date: January 30, 2012

Report No. Milestone Report # 005-001-12

Subject: Milton PanParapan American Games – permanent all-season
Velodrome

RECOMMENDATION: THAT Milestone #005-001-12 be received for information;

AND THAT the Velodrome Business Plan as prepared by Sierra Planning and Management and attached as Schedule A be received for information;

AND THAT the Town of Milton confirm their support to proceed with becoming the host community for this facility and that the Mayor and Town Clerk be authorized to sign the Multi Party Agreement (Schedule B) and the MOU (Draft - Schedule C) with Infrastructure Ontario and the Toronto Organizing Committee for the 2015 Pan/Parapan American Games, subject to minor amendments to the MOU and confirmation that all planning approvals to facilitate the Velodrome can be secured to the satisfaction of Council;

AND THAT The Town of Milton seek authorization to appoint representatives to the Toronto 2015 Pan/Parapan American Games Legacy Fund Corporation to determine legacy funding allocation to the Milton Velodrome project;

AND THAT Staff be directed to pursue the items in the Velodrome Financial Sustainability Strategy as attached as Schedule D as required;

AND THAT Staff continue to seek potential donors to contribute to the In-kind capital contributions as outlined in Schedule E;



AND THAT staff work with the Fund Raising volunteer team to assist in supporting the Fund Raising campaign for the Velodrome Project (Schedule J – increased commitment);

AND THAT Toronto 2015 confirm the opportunity for the Town of Milton to propose naming rights for the Velodrome following the PanParapan Games, notwithstanding relevant clauses as noted in the Multi-Party Agreement or the language related to naming rights as referenced in the Draft MOU; and in conjunction with our funding partners;

AND THAT staff be authorized to continue to assess the opportunity to develop geothermal as a source of energy for this project in cooperation with Milton Hydro and continue to work with Milton Hydro to develop an MOU in this regard;

AND THAT Council approve the single source award to AMEC for the drilling of test holes to determine the feasibility and capacity of geothermal at the site in the total amount of \$30,100 (exclusive of HST):

AND THAT Milton Hydro will be the funding sources for the work done by AMEC;

AND THAT the Manager, Purchasing and Risk Services be authorized to execute contracts and the Mayor and Clerk be authorized to sign any and all required paperwork related to the contract with AMEC;

AND THAT the existing budget for the Velodrome project be increased by \$ 120,000 to undertake required site works to be funded at this time from the Ontario Lottery and Gaming Reserve Fund and to be replaced by financing identified for the capital project pending signing of the MOU;

AND THAT staff embark on a public communication plan to provide information and background related but not limited to the Velodrome project, cycling opportunities, non cycling sport, community and event use, funding sources,



management structure and long term legacy plans for the facility;

AND THAT work commence related to the development of a non-profit corporation or other management structure to be established under the Municipal Act to oversee management and operation of the Velodrome;

AND THAT Staff Report Milestone 005-001-12 be circulated to the Toronto 2015 Pan /Parapan American Games Office, the Honourable Lisa Raitt, Minister of Labour and MP, Halton; the Honourable Bob Chiarelli, Minister of Infrastructure and Transportation; the Honourable Glen Murray, Minister of Training, Colleges and Universities; the Honourable Bal Gosal, Minister of State (Sport); Ted Chudleigh, MPP, Halton; Gary Carr, Chair, Region of Halton and the Milton Velodrome Partnership Group.

EXECUTIVE SUMMARY

Milton Council authorized staff to undertake further analysis, business planning and due diligence related to the opportunity for the Town of Milton to confirm their intention on becoming the host for the Toronto 2015 PanParapan American Games Velodrome facility (COMS-050-11). Subsequent to that report, staff engaged Sierra Planning & Management to assist in the completion of the Business Plan. Legal advice was also sought in respect to various agreements related to this project that will be required to be executed. This report provides the recommendations for Council with respect to the Velodrome project. It references the results of the Business plan, and addresses other issues that require resolution as identified through the due diligence process. Staff are using a Milestone report template for this and future reports related to the Velodrome as the project involves several Town departments.

REPORT

Background

In September 2011, representatives from Toronto 2015 approached the Town of Milton to consider the opportunity to become the host community for the Toronto 2015 PanParapan American Games Velodrome facility. The following represents a chronology of the events and action taken since that time;



- Toronto 2015 approach the Town of Milton on September 23, 2011 regarding possibility of bidding for permanent Velodrome
- October 12, 2011 – Toronto 2015 invite the Town to submit an Expression of Interest
- October 17, 2011 – Council resolution that the Town explore options; MEV for permanent and Derry Green Business Park, or other facilities, for temporary
- November 21, 2011 – COMS-047-11; indication of support (including letters from Laurier University, Canadian Cycling Association and land donation) but needing further direction from Toronto 2015 to reduce capital cost (and hence, local host share)
- December 5th, 2011 – COMS-050-11; authorize the Town to commit to funding the local share based upon a \$40.0M project, engage Sierra Planning to undertake a Business Plan, report back to Council with results of Business Plan and due diligence process
- December 6th through December 23, 2011; ongoing meetings with Toronto 2015, Infrastructure Ontario and Sierra Planning
- January 12-15th; Tour of three Velodromes
- January 2 through January 27th; ongoing meetings, research, assessment, analysis and due diligence related to the Business Plan, legal agreements, planning and zoning requirements

Discussion

The opportunity to host the Toronto 2015 Pan/ Parapan American Games Velodrome facility and related training and competitive events leading up to, including and following the Games, is recognized as an honour. The permanent facility would serve as a high performance and community legacy, founded on the principles of supporting high performance and community cycling participation and growth, volunteer development, sport tourism, financial viability, community engagement and diversity.

Project Description

The proposed velodrome is approximately 122, 980 sq ft. The Velodrome track and seating (min. 1500 permanent) will be a permanent facility, with the opportunity to add various recreational facilities within the infield of the velodrome. Change rooms, administrative offices, meeting space, storage and provision for the Canadian Cycling Association are also required.

The velodrome track will be an International standard (UCI), 250m Homologated Tier 1 cycling track. The proposed location will be on 5 acres of land within the Milton Education Village, as generally identified in Schedule F.



The period between December 2011 and January 2012 was to undertake a Business Plan and due diligence process.

1.0 Sierra Business Plan

Schedule A includes the Velodrome Business Plan as completed by Sierra Planning & Management. The plan sets out the following;

- Introduction and Purpose
- Situational Assessment of Velodrome Facilities
- The Importance of Location
- Facility Options
- Capital Cost Analysis
- Revenues & Expenses
- General Assumptions
- Risk Analysis
- Economic Impact Estimates
- Appendices

The Plan will be presented to Council by Jonathan Hack, Director, Sierra Planning & Management. The operating budget analysis includes the results of significant consultation with the cycling community and the expected utilization of the cycling track. The analysis also considers the potential usage of the infield area of the Velodrome, which can be used for a variety of sports as well as for event hosting. Feedback from Milton based organizations was considered for this review, as was our existing experience for gymnasium use at the Milton Leisure Centre, Milton Sports Centre and Milton school gymnasiums.

The financial projections outline the first 5 years of operation with a Net Operating impact projected at \$116,179 in Year 1, Scenario two, plus a \$250,000 contribution to a Capital Reserve fund. The expected contribution from the Toronto 2015 Legacy Corporation is expected to be in the range of \$300 - \$700K per annum, however the exact amount has not yet been verified. The management structure for the 2015 Legacy Corporation has not yet been established and this report recommends that the Town of Milton be permitted to assign a minimum of one representative to the Board of Directors at the appropriate point in time.

Town of Milton impact on the operating budget is expected to be in the range of \$116,000 per year. This amount is not substantially different that the existing tax impact



for similar facilities in Milton. The annual budgets for similar gymnasium facilities at the Milton Leisure Centre and the Milton Sports Centre carry a similar operating impact, although this is part of the larger overall operating budget for the facilities that includes all costs and operations, including Town program delivery. Staff are confident that for order of magnitude comparison purposes, the net operating impact is similar. This impact is consistent with our financial principal for this project to have no “incremental increase on the Milton taxpayer”.

The proposed capital budget as outlined in COMS-050-11 noted a contribution from the Town of Milton in the amount of \$3.8M. This amount was calculated by reviewing the capital budget as identified in the Capital Budget forecast, for the Sherwood Community Centre gymnasium.

The \$3.8M is derived as follows:

- \$2,730,000 for 13,000 square feet that includes the gym playing floor, two dressing rooms, storage, maintenance closet and bleacher seating for 150;
- \$260,000 for 1,300 square feet of ancillary space that incorporates the London FADS and other circulation type spaces (lobby space, corridors);
- \$59,800 for FFE; and
- \$820,736 for soft costs associated with the project

In translating these costs allocations to the Velodrome, there is a difference as to what is obtained in the Velodrome for a similar budget. Within the Velodrome, the infield space alone measures for playable surfaces over 20,000 square feet. This represents a 50% increase in the amount of gymnasium space compared with the 14,300 sq feet planned at the Sherwood Community Centre. In addition, the proposed functional program for the Velodrome includes:

- 300m walking/jogging track that encircles the spectator concourse
- Infield of the track is a multi-purpose sport floor equivalent to the size of 3 basketball courts. Intended uses include but not limited to basketball, volleyball, badminton, futsal, trade shows, graduation ceremonies, concerts etc.
- 3000 square foot Fitness Centre
- Fitness studio for yoga, aerobics, spinning etc.
- Storage space for both cycling and infield related equipment
- Individual change room facilities for both cycling and infield users
- Meeting Room (10-15 people)
- 1750 permanent seats that can be utilized for viewing infield activities



This will in fact yield greater recreational facilities for the Town investment of \$3.8M than would be realized within the proposed Sherwood Community Centre due to the nature of the design for the required cycling track and the inherent infield area created as a result. The public will have access to the infield area for recreational purposes, as well as access to the cycling track, fitness facilities and indoor running track based upon efficient scheduling and promotion of the facilities in conjunction with track cycling needs for the National team, Provincial and regional requirements. Squash facilities are still being considered.

Jonathan Hack will present the Business Plan highlights to Milton Council.

2.0 Due Diligence Process

Hal Watson, O'Connor MacLeod Hanna, was retained to review a number of existing and proposed agreements that will need to be finalized should the Town proceed with this project. Another aspect of the due diligence process is the assessment of the planning and zoning requirements for the site.

2.1 Legal Review – Agreements and Documents

2.1.1 Multi Party Agreement – Schedule B is the Multi-Party Agreement. This Agreement is between the Provincial and Federal Government, the City of Toronto, the Canadian Olympic Committee (“COC”), the Canadian Paralympic Committee (“CPC”) and the Ontario 2015 Pan Am Games Bid Corporation (“BidCo”). This Agreement was executed by the aforementioned parties effective November 2009 and the Town is being asked to sign onto the Agreement (via a Joinder Agreement) so that the Town would be a party to the Agreement.

2.1.2 Memorandum of Understanding – Schedule C is the Draft Memorandum of Understanding.

The Memorandum of Understanding would be a formal agreement between the Town, Ontario Infrastructure and Lands Corporation (“I.O.”) and the Toronto Organizing Committee for the 2015 Pan American and Parapan American Games (“Toronto 2015”), to establish the obligations of each of the parties with respect to the construction of the Velodrome. The critical issues that are being addressed prior to signing include the provisions with respect to naming rights, insertion of the agreed to cap on the Town’s financial contribution, the process to allow the use of product donation for the project, completion of all schedules and the issue of the necessary planning approvals to facilitate the Velodrome, which is addressed below.



2.1.3 Gift Agreement – The Peter Gilgan Charitable Foundation

Legal Counsel for the Peter Gilgan Charitable Foundation have prepared a Draft Gift Agreement. The Gift Agreement provides the payment schedule and reporting requirements related to the \$7.0M capital pledge commitment. Staff and legal counsel will continue to work with representatives of the Foundation to finalize the terms and conditions. The Draft Agreement outlines a payment schedule, with the first payment of \$1.75M to be received by the end of 2012.

2.1.4 Sponsorship Agreement – The Columbus Corporation (The Mattamy Corporation is a wholly owned subsidiary of Columbus)

Legal Counsel for The Columbus Corporation have prepared a Draft Sponsorship Agreement. The Sponsorship Agreement provides the proposed Naming Rights for the Velodrome. Naming Rights require approval of Toronto 2015 and are specifically outlined in both the MPA and the MOU. Further work is required to verify the process, timing and expectations regarding Naming rights.

2.2 Planning / Zoning

The proposed site for the Velodrome is located outside of the current urban boundary. Regional Official Plan No. 38 will bring the site within the Town's urban boundary. However, Regional Official Plan No. 38 is currently under appeal with no prospect of a resolution and approval within the timeframe necessary for the Velodrome project.

In addition, while the Town's Zoning By-law permits public authorities such as the Town or the Province to proceed with a public use, such as the Velodrome, there are certain zone standards that are applicable. There may be other variances to the Town's Zoning By-law required depending upon the ultimate design of the Velodrome.

The proposed MOU with Toronto 2015 and IO provides that the Town is required to ensure that all planning approvals are in place to allow the project to proceed within the stipulated time period. The Town could commence the necessary Official Plan Amendment Applications and Zoning By-law Amendment Application to seek the necessary planning approvals. However, in light of the MOU deadline and the possibility of appeals, it is uncertain that the planning approvals could be in place with final approvals, within the time available.

Staff have been exploring other options to confirm that the planning approvals will be secured within the required time period, but none of these options are within the control of the Town. They require the assistance of other parties.



The Town does not have the ability at this time to ensure that the necessary planning approvals will be in place within the specified time periods. Before entering into the Multi-Party Agreement and the MOU, it is necessary for the Town to confirm that the necessary planning approvals can be secured with certainty.

3.0 Other Considerations

3.1 Trails / Cycling Master Plan

The 2012 Capital budget included the approval of a project to update the Town of Milton Trails Master Plan. Staff is currently working on the Terms of Reference for this project that will provide the overall scope of the project. The Town has been working with Halton Region to ensure that we are actively engaged in their Active Transportation Plan, including participation on their Advisory Committee. Councillor Best is the Town Council appointee to this Committee, and a report is being presented to Council this month related to a citizen appointee. Staff recommends that the project scope include a comprehensive cycling master plan analysis and recommendations as well as the update anticipated as part of the Trails Master Plan update process.

3.2 Toronto 2015 Pan/Parapan American Games Legacy Fund Corporation

Toronto 2015 has advised that the management and oversight structure and process for this corporation has not yet been established. The Multi-Party Agreement for the Games indicates that the Velodrome will be one of three facilities to receive funding in perpetuity to assist with high performance sport development and ongoing operating costs. Staff recommend that the Town of Milton has a designate of their choosing to sit on the Legacy Fund Corporation board to have due consideration for Town and cycling interests related to the use of the fund and the legacy provisions for the Velodrome. The process to select and/or appoint said individual (s) would be determined at a later date.

3.3 Financial Sustainability Strategy (Schedule D)

Recognizing the significance of delivering the project within Council's financial mandate, staff have taken steps to prepare a "Financial Sustainability Strategy" for both capital and operating budgets. This strategy encourages staff to explore additional ideas to provide financial contingencies for the Velodrome Project.

Schedule D outlines the proposed strategy that provides a range of initiatives that can potentially provide additional capital and operating funds. These initiatives will provide



“contingency” for Laurier’s contribution, in the event that a campus location decision is not received in a timely manner. Should an announcement be received, staff will work with Laurier representatives to finalize their contribution to the project schedule. Schedule J provides an increase to the Fund Raising campaign commitment, which will comprise a component of the Velodrome Financial Sustainability Strategy.

Any surplus generated in the capital initiatives will be placed in a Velodrome Reserve Fund. Additional operating revenue opportunities are also identified in Schedule D including an initiative to create a ground mounted solar fund and future land lease revenues generated from the endowment lands.

Staff will continue to take action to support the Velodrome Sustainability Strategy and ***recommend that the plan be implemented as required to assist with financial obligations related to the capital costs and the operating costs.***

3.4 In-kind capital Donations – Schedule E

The capital plan notes \$1.5M to be provided through in-kind donations of product. An agreement for these donations has been provided by our legal Counsel for consideration by Infrastructure Ontario. A list of potential donated products has also been prepared and includes but is not limited to: gravel, paving material, concrete, trees, sod, insulation, and steel.

Staff have also identified the opportunity to accept partial contributions that may be used on other Town capital projects (road and park construction projects taking place between 2012 and 2014). The equivalent value of the donated product would then be transferred from the relevant Capital project budget to the Velodrome budget to ensure that the \$1.5M target is covered.

3.5 Fund Raising campaign for the Velodrome Project – Schedule J

An agreement to confirm the expectations related to the fund raising commitment is being prepared. Schedule J reflects the increase in the campaign commitment, and it is anticipated that \$1.0M of this commitment will be received by the end of 2012. Staff proposes to assist the volunteers with management of the campaign, similar to their role with the recently completed and very successful “Investment in the Arts Campaign” that raised \$2.2M for the Milton Centre for the Arts in an 8 month period. The Town is able to issue receipts for all donations to the Campaign and will oversee the campaign administration. Consideration will also be given to the recommended proposed Management Board / structure, that they be a registered charity and therefore can solicit and issue receipts on an on-going basis.



3.6 Geothermal

Staff are working with Milton Hydro to assess the potential for a geothermal field at the site. Pending the outcome of this assessment, further work would be required to work with Infrastructure Ontario to ensure that this option is considered with the proponents that will undertake design/development of the project. An MOU will also be required with Milton Hydro for this undertaking as any incremental capital costs would be borne by Milton Hydro. There are potential project savings with a geothermal system that may be realized through a reduction in the mechanical system required.

Summary

The opportunity to host the Toronto 2015 Pan/ Parapan American Games Velodrome facility and related training and competitive events leading up to, including and following the Games, is recognized as an honour. The permanent facility would serve as a high performance and community legacy, founded on the principles of supporting high performance and community cycling participation and growth, volunteer development, sport tourism, financial viability, community engagement and diversity. The new indoor cycling facility will be located in the heart of the proposed Milton Education Village, adjacent some of the best road cycling routes in Ontario, with ease of access and potential for tremendous cycling synergies. Milton also boasts an outdoor BMX facility. The opportunity to enhance access to the Velodrome for community based cycling and in-field use will be very beneficial to a growing Milton community. For Milton to have the opportunity to become the future "*Home of Canadian Cycling*", with a world class venue, is a tremendous opportunity.

Relationship to the Strategic Plan

- *work with other levels of government to encourage additional investment in Milton*
- *encourage the development of new partnerships and strategic alliances to encourage community ownership and responsibility*
- *ensure that Federal and Provincial programs that may benefit Milton are considered whenever possible*

Financial Impact

Capital Budget

The capital contribution from the Town for this project is \$3.8 million. This funding is from the recreational development charges already included in the Town's approved



development charge bylaw. This funding was identified for the provision of a gymnasium in the Sherwood community centre and it is proposed that this element of the community centre would be provided in the Velodrome infield instead. Consequently, the investment from the Town into the capital budget of the Velodrome is consistent with the existing planned investment into recreational facilities, and in fact, the facilities will be enhanced. The MOU has also been revised to ensure that the Town will not be responsible for any cost overruns on the project, which would otherwise represent a significant financial risk to the Town.

The funds that have been identified in this report to continue to undertake required site works, and funds that were previously identified in COMS-050-11 are being funded from the Ontario Lottery and Gaming Reserve Fund. However, pending execution of the MOU, these expenditures will be transferred to the new Velodrome Project budget and will be funded from the financing sources identified for this project.

Operating impacts

As a key deliverable of the due diligence related to the Velodrome, staff have engaged the services of Sierra Planning and Management. The work, underlying assumptions and findings of Sierra have been reviewed and, in some cases, challenged and changed by staff. The operating expenses and revenues have been tested for overall reasonableness by the development of both a more conservative scenario and an alternative option with optimized revenues. Staff are comfortable with the approach taken and the assumptions as presented in the business plan. Under the mid- scenario, in a full year of operations, the facility is shown to be operating with a deficit of approximately \$120,000. Compared to the Town's experience with similar recreational facilities, this does not represent an incremental impact on the property tax payer. The analysis also includes a contribution to capital reserves to cover costs associated with building component replacement as the facility ages of \$250,000. The Velodrome has been identified as one of three facilities that will receive legacy funding and the financial model has assumed that we will be entitled to a 33% share of the investment income earned by the legacy fund or approximately \$350,000. If this level of contribution from the legacy fund is realized, the facility has the potential to operate at break even.

Financial Sustainability Plan

Both the capital program and the operating forecast have financial risk associated with them. Staff have worked to develop a financial sustainability strategy that will be utilized to mitigate revenue shortfalls on either the capital or the operating budgets. This strategy includes a variety of potential options and will be pursued in conjunction with the project advancing so that the Town is proactively protecting its financial interest.



Respectfully submitted,

Jennifer Reynolds
Director, Community Services

Linda Leeds
Director, Corporate Services & Treasurer

William F. Mann
Director, Planning & Development

If you have any questions on the content of this report: Jennifer Reynolds, 905 878 7252 X 2180, Bill Mann, Director, Planning & Development X 2301, Linda Leeds, Director, Corporate Services & Treasurer X 2142

Attachments: Schedule A – Velodrome Business Plan – Sierra Planning & Management
 Schedule B – Toronto 2015 Multi Party Agreement
 Schedule C – Draft – Town of Milton Memorandum of Understanding
 Schedule D - Milton Velodrome Financial Sustainability Strategy
 Schedule E - Milton Velodrome – Product Donation Agreement
 Schedule F – Site Map – proposed Velodrome location
 Schedule G – Public Input
 Schedule H – Cycling Input
 Schedule I – Letter re: Legacy Fund – Sport Canada
 Schedule J – Letter - Fund Raising Commitment – Les Domestiques

CAO Approval: _____

Milestone 005-001-12 Velodrome

Schedule B – Toronto 2015 Multi Party Agreement

**2015 PAN PARAPAN AMERICAN GAMES
MULTI PARTY AGREEMENT**



**T O R O N T O
2 0 1 5**

THIS AGREEMENT made as of the 5th day of November, 2009 and is effective as of the date of the last signature by the Parties.

AMONGST:

Her Majesty the Queen in Right of Canada, as represented by the Minister of Canadian Heritage and Official Languages and the Minister of State (Sport), (hereinafter called "Canada")

- and -

Her Majesty the Queen In Right of Ontario, as represented by the Minister of Health Promotion (hereinafter called "Ontario")

- and -

City of Toronto
(hereinafter called "Toronto")

- and -

Canadian Olympic Committee
(hereinafter called "COC")

- and -

Canadian Paralympic Committee
(hereinafter called "CPC")

- and -

Ontario 2015 Pan Am Games Bid Corporation
(hereinafter called "BidCo").

WHEREAS:

- A. COC and Toronto have, with the support of the other Parties, submitted to the Pan American Sport Organisation (PASO) a Candidature Dossier for its selection as the host city for the 2015 Pan American and Parapan American Games;
- B. COC is recognized by the International Olympic Committee as the National Olympic Committee in Canada and, as such, has the authority to designate Toronto as the candidate city for Canada;
- C. In accordance with PASO Statutes, upon selection of Toronto as the host city for the Games in the year 2015, HostCo will be established by Ontario, together with COC, taking into account the various local factors which may contribute to the success of the Games including having on its membership, individuals proposed by Ontario, Canada, Toronto, COC and CPC;
- D. COC is a member of PASO and, as such, it has the responsibility to develop and protect the PASO movement in Canada, which COC does through being a member of HostCo and through membership on the board of directors, any executive committee and various other committees of HostCo;
- E. CPC is recognized by IPC as the National Paralympic Committee in Canada and, as such, it has the responsibility for the growth and promotion of the Paralympic movement in Canada. This responsibility extends to involvement in the decision making and leadership of the Parapan American Games when hosted in Canada which CPC does through being a member of HostCo and through membership on the board of directors and various other committees of HostCo;
- F. HostCo will, in accordance with this Agreement, become a party to this Agreement after it is incorporated and, upon its acceptance of this Agreement by execution of the Joinder Agreement, will plan, organize, promote, finance and stage the Games, provide and assist in the preparation of Facilities as may be required for the Games, and leave a tangible legacy, including Facilities and funding for amateur sport for future generations;
- G. Ontario and Canada have determined that hosting of the Games will advance national and provincial policy objectives and generate significant sport, cultural, social and economic benefits and therefore have agreed to provide support to the Games;
- H. The Parties believe that hosting the Games in Toronto and the Greater Golden Horseshoe will strengthen the Pan and Parapan American sport movements across the Americas;
- I. A successful Games is in the interest of all Canadians and the Parties to this Agreement regard the hosting of the Games in Canada as an event of national significance, therefore the Parties are committed to offering their best efforts toward this end;

J. The Parties recognize that, should the Games be held in Toronto, they will be a matter of pride to all Canadians and be an opportunity to:

- (i) promote sporting values and encourage sporting practice in harmony with, and complementary to, the PASO and IPC spirit;
- (ii) encourage friendship, fraternity, fair-play, perseverance, integrity, co-operation and involvement of athletes;
- (iii) recognize the importance of working cooperatively with athletes, coaches and the provincial, national and international sport systems; obtaining and respecting their input and establishing a lasting legacy for amateur sport;
- (iv) honour the unique characteristics, values, goals and principles of the host city and region;
- (v) reflect sustainable economic, social and environmental practices as set out in Toronto's bid to be awarded the Games;
- (vi) have open communication with the public, IPC, PASO and the host community;
- (vii) ensure that the Games Facilities are accessible to persons with disabilities in accordance with applicable laws;
- (viii) demonstrate the value of intergovernmental cooperation and strategic partnerships between, and joint investment in community and physical infrastructure by, the governments of Canada, Ontario, Toronto and other municipalities in the Greater Golden Horseshoe; and,
- (ix) offer community engagement, leadership development, volunteer, and employment opportunities for youth.

K. It is expected that permanent, new and renovated Games Facilities funded under this Agreement will remain after the Games as a physical legacy;

L. The Parties consider this Agreement to be consistent with their respective responsibilities to PASO; and

M. The Parties wish to set forth their respective contributions to HostCo and the Games, and the conditions governing their contributions and the principles of coordination amongst themselves.

NOW THEREFORE in consideration of the sum of One Dollar and other valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each Party), the Parties agree as follows:

1.0 DEFINITIONS

"Athletes" means those individuals who have been accredited by their National Olympic Committee/National Paralympic Committee to participate in the Games, including athletes with a disability;

"Bid City Agreement" means an agreement entered into between, Ontario, Toronto, COC, CPC and BidCo dated April 7, 2009 which sets out obligations of those parties during the bid period;

"Board" means the Board of Directors for HostCo;

"Business Day" means a day other than Saturday, Sunday or a holiday recognized in the Province of Ontario;

"Business Plan" means a plan to be prepared by HostCo in accordance with Article 4.0 "Business Plan" of this Agreement which shall detail, to the extent possible, the planning, organizing, promoting, financing and staging of the Games;

"Candidature Dossier" means the official bid document referred to in the PASO Statutes as completed and submitted by BidCo to PASO on May 30, 2009;

"Capital Budget" means the capital budget of HostCo as approved by its Board and shall include a listing of capital expenditures including renovations to existing Facilities, and the construction of new Facilities;

"Contribution Agreement" means an agreement between Canada and HostCo which will set out funding and all conditions attached to that funding;

"Coordinating Committee" means the Committee described in section 35 of this Agreement;

"Deficit" means the excess of capital and operating expenses over revenues, as disclosed in the final audited financial statements of HostCo;

"Designated Senior Officials" mean those persons named in Annex J who have responsibility regarding dispute resolution under this Agreement;

"Discretionary Government Services" means those services which Canada does not deem Essential Federal Services, Ontario or Toronto deem essential but which they may in their absolute discretion provide HostCo following a request of HostCo in accordance with the provisions set forth in this Agreement, and expressly excludes Essential Federal Services;

"Division Categories" are those divisions within the operating and capital budget contained in 2015 Games Business Case prepared by Ontario and dated June 9, 2008 and revised on March 16, 2009 as required under this Agreement;

"Essential Federal Services" means those services delivered by Canada listed in Annex A;

"Facilities" means those buildings and sites required to host the Games including new, refurbished, rented and temporary Facilities but does not include the permanent structures for the athletes village;

"Fiscal Year" means the financial year from April 1 to March 31;

"Games" means the 2015 Pan/Parapan American Games to be held in the City of Toronto and the Greater Golden Horseshoe in Ontario, Canada and will include:

- (a) all sport competitions from preliminaries through to finals in all events on the program of the Games;
- (b) opening, closing, awards and other official ceremonies of the Games;
- (c) athletic exhibitions and sports demonstrations approved by HostCo and presented by HostCo;
- (d) PASO Executive Committee Meeting and General Assembly;
- (e) America's Paralympic Committee Meeting; and,
- (f) all cultural programs and related events arranged or sanctioned by HostCo during the Games Period;

"Games Period" means the periods from July 10 - 26, 2015 (Pan American Games) and August 7 - 14, 2015 (Parapan American Games), subject to approval by PASO;

"GAAP" means generally accepted accounting principles which are conventions, rules and procedures that set out accounting practice and which are usually the principles established by the Canadian Institute of Chartered Accountants;

"Government Parties" means jointly, Canada, Ontario and Toronto;

"Government Party" means severally, as the context requires, Canada, Ontario or Toronto;

"Greater Golden Horseshoe" means, for the purpose of this Agreement, that geographical area in the Province of Ontario within which the Facilities are located as described in the Candidature Dossier;

"HostCo" means the entity established under the Corporations Act (Ontario) having responsibility pursuant to section 2 of this Agreement;

"Incorporation Documents" means the Letters Patent for HostCo granted under Part 3 of the Corporations Act, R.S.O. 1990 c. C.38 and HostCo's by-laws as such documents may be amended from time to time;

"Infrastructure Ontario" means a Crown corporation governed by the Ontario Infrastructure Projects Corporation Act, 2006, S.O. 2006, c.9, Sched. 1;

"IPC" means the International Paralympic Committee;

"Joinder Agreement" means the joinder agreement substantially in the form set out in Annex B;

"Joint Program and Marketing Partnership" means the marketing programme (including all sponsorship, licensing and other commercial activities) covering the joint marketing period and including all such activities of COC, HostCo and other parties;

"Legacy Facilities" means those Facilities identified in the legacy plan created in accordance with section 33.1;

"Letters of Intent" means the respective letters provided by the Government Parties as required by PASO as attached at Annex C;

"Members" mean the members as set out in the Incorporation Documents;

"Ontario Support Agreement" means an agreement between Ontario, Toronto and, in time, HostCo which sets forth Ontario's financial commitment to support HostCo in planning, organizing promoting, financing and staging the Games;

"Operating Budget" means the operating budget of HostCo as approved by its Board;

"Other Municipal/University/Corporate Parties " means jointly, unless otherwise provided in this Agreement, the municipalities, universities or private corporations that will be hosting components of the Games but does not include Toronto;

"Other Municipal/University/Corporate Party" means severally, as the context requires, a municipality, university or private corporations that will be hosting components of the Games but does not include Toronto;

"Parties" means jointly, unless otherwise provided in this Agreement, Canada, Ontario, Toronto, COC, CPC and as the context requires, BidCo or HostCo;

"Party" means severally, as the context requires, Canada, Ontario, Toronto, COC, CPC and BidCo or HostCo but does not include Other Municipal/University/Corporate Parties;

"PASO Statutes" means the Statutes established by PASO on June 24, 2005 and the regulations thereunder, as they may be amended from time to time;

"Pre-Games Events" means all competitions organized at any time before the Games Period, under the control of or sanctioned by HostCo, using Facilities intended for use during the Games;

"Surplus" means the excess of revenues over capital and operating expenses related to the planning, organizing, financing, promoting and staging of the Games as detailed in the Business Plan and as disclosed in the final audited financial statements of HostCo;

"Support Request" means, for the purpose of this Agreement, a request made by HostCo to Ontario under the Ontario Support Agreement for additional funds necessary, over and above those covered under this Agreement, to cover a legal commitment incurred by HostCo related to organizing and staging the Games;

"Toronto 2015 Legacy Fund" means the Toronto 2015 Pan/Parapan American Games Legacy Fund as managed by the not-for-profit corporation entitled the Toronto 2015 Pan/Parapan American Games Legacy Fund Corporation that will be created pursuant to section 33 of this Agreement;

"Toronto 2015 Pan/Parapan American Games Legacy Fund Corporation" means the not-for-profit corporation to be established pursuant to section 33; and,

"Transfer Payment Agreement" means an agreement between Ontario and HostCo which will set out funding and all conditions attached to that funding.

ORGANIZATIONAL

2.0 Responsibilities and Incorporation of HostCo

2.1 The Parties understand and acknowledge that the corporate objectives of HostCo, being a not-for-profit corporation established for the Games, include:

- (a) planning, organizing, promoting, financing and staging the Games in and around Toronto and the Greater Golden Horseshoe and reporting on its activities as required;
- (b) promoting Toronto as the host city, and the Greater Golden Horseshoe as the host area, Ontario as the host province, and Canada as the host country for the Games;
- (c) providing and assisting in the construction and renovation of Facilities;

- (d) overseeing and managing the infrastructure and capital build and operating requirements on time and on budget (through its designated project manager Infrastructure Ontario for those capital projects listed in Annex D or otherwise as directed by HostCo);
- (e) Identifying and mitigation of risk associated with capital and operating costs;
- (f) assisting with the winding-up of BidCo;
- (g) winding up HostCo; and,
- (h) final transfer of its assets as set out in section 29.

2.2 The Parties (other than Canada) hereby acknowledge the receipt of a draft application for letters patent for HostCo from Ontario.

2.3 Ontario, prior to the expiry of 3 months following the Games award, will file an application for letters patent seeking the incorporation for HostCo, substantially in the form of the draft application for letters patent as provided under section 2.2.

2.4 Within 30 days of the incorporation of HostCo:

- (a) BidCo agrees to assign to HostCo all its rights, interests, obligations and liabilities under this Agreement, the Bid City Agreement and any other agreements entered into by BidCo regarding the planning, organizing, financing, promoting, and staging of the Games; and
- (b) the Parties, other than Canada, will cause HostCo to
 - (i) execute the Joinder Agreement, and
 - (ii) accept, in accordance with the Incorporation Documents and the Joinder Agreement, such assignment and assume the rights, interests, obligations and liabilities of BidCo described in section 2.4(a).

2.5 Following such assignment and assumption described in section 2.4, and subject to section 36 "Limitation of Liability, Indemnification and Insurance", BidCo will have no further obligations under this Agreement.

2.6 For greater clarity, where obligations are currently undertaken under this Agreement by BidCo and are also referred to as obligations of HostCo, those obligations shall be assigned to HostCo under section 2.4 above.

3.0 HostCo Incorporation Documents

- 3.1 The Incorporation Documents of HostCo shall provide, among other things, that:**
- (a) the Members of HostCo shall consist of up to 12 (twelve) individuals who are to be selected as follows:**
 - (i) Four (4) persons by the Canadian Olympic Committee;**
 - (ii) Three (3) persons by Canada;**
 - (iii) Three (3) persons by Ontario;**
 - (iv) One (1) person by Toronto;**
 - (v) One (1) person by CPC; and,**
 - (vi) One (1) Board Chair, who shall be one of Ontario's selections under (iii) above and who will be selected from a list provided to HostCo by Ontario;**
 - (b) Ontario, COC and Toronto shall name one Member each out of their selection total set out in 3.1(a) above upon execution of this Agreement which persons shall then be:**
 - (i) the applicants named in the Incorporation Documents filed by Ontario; and,**
 - (ii) responsible to establish HostCo in accordance with this Agreement.**
 - (c) the Board shall be constituted as set out in paragraph 3.1(a) and (d) no later than three months following the Games award;**
 - (d) the Board will consist of the persons appointed as Members;**
 - (e) excepting ex-officio and honorary directors, a person ceases to be a Director upon ceasing to be a Member;**
 - (f) in addition to those requirements contained in the HostCo by-laws, the following Member/Director decisions of the HostCo Board shall be made only with the prior approval of the HostCo Board by resolution passed by at least three-quarters of the votes from Member/Directors entitled to vote:**
 - (i) appointment of additional Members beyond that set out in section 3.1(a) provided always that Canada and Ontario continue to have an equal number of Members and the COC has at least one-third of the Directors;**

- (ii) approval of the Business Plan and amendments (excepting those portions which relate to the Joint Partnership Marketing Agreement) thereto;
 - (iii) appointment or removal of the Chief Executive Officer or Chief Financial Officer/Controller;
 - (iv) establishment of an Executive Committee and its related powers and authorities; and,
 - (v) establishment of Audit and Finance Committees and their related powers and authorities.
- (g) the selection of Member/Directors by the Parties will be made having regard to the principle that, at all times, the Member/Directors of HostCo will include individuals who are able to contribute to the achievement of the objectives of HostCo;
 - (h) HostCo will select its Finance Committee and Audit Committee Chairs from a list of candidates provided by Ontario, which list may or may not include Ontario's Members;
 - (i) HostCo will select at least one-third of the members for its Executive Committee from a list of candidates provided by Ontario, a further minimum one-third from a list provided by COC and at least one member from a list provided by Toronto. Candidates named must be Directors of HostCo;
 - (j) HostCo shall appoint its Chief Executive Officer through an open competitive process with final candidate selection subject to approval by Ontario;
 - (k) appointment of HostCo's Chief Financial Officer/Controller shall be subject to approval by Ontario;
 - (l) membership on committees of the Board of Directors will include at least one person appointed as a Member/Director or their designate by each of the selecting Parties referred to in section 3.1(a) of this Agreement, if such Parties request; and
 - (m) members of the Senate or the House of Commons, natural persons elected to a provincial or territorial legislature, or any council member of Toronto or any other city in Ontario cannot be appointed as a Member.

3.2 HostCo shall adopt by-laws which shall be: in accordance with this Agreement; provided to the Parties for consultation and which shall be subject to approval by Ontario and the COC. COC and Ontario approval rights do not extend to those portions of the by-laws that have already been agreed upon in this Agreement.

3.3 The Incorporation Documents that are required to be filed under the *Corporations Act (Ontario)* will be filed by Ontario.

3.4 HostCo will not amend its Incorporation Documents or other incorporating documents in relation to the matters set out in section 3.1 of this Agreement without the prior approval of the HostCo Board by way of special resolution as defined under the Corporations Act (Ontario).

3.5 HostCo shall, when it creates committees and makes decisions related to selection of potential membership for those committees, take into account the particular interest of each of the Parties in the subject matter which is the mandate of the committee.

OPERATIONAL

4.0 Business Plan

4.1 HostCo shall be responsible to prepare and provide for approval, the Business Plan with respect to the Games, and shall be further responsible to update that plan periodically as provided for in this Agreement.

4.2 The Business Plan and subsequent revisions submitted will:

- (a) be approved by the Directors of HostCo as contemplated in the Incorporation Documents;
- (b) be submitted by HostCo to Canada and Ontario for acceptance and to the Parties for acceptance with respect to the legacy plan as required under section 4.3(k) and section 33.1;
- (c) be generally based on and consistent with the 2015 Games Business Case prepared by Ontario and dated June 9, 2008 and revised on March 16, 2009 and its subsequent revisions and the Candidature Dossier and PASO requirements;
- (d) be based on, consistent with and include all requirements of the Ontario Support Agreement;
- (e) reflect the commitments, policy objectives and practices embodied in this Agreement; and
- (f) be subject to amendment from time to time.

4.3 Within twelve (12) months of appointing the latter of its Chief Executive Officer and Chief Financial Officer/Controller, HostCo will complete and provide for approval the

Business Plan, which shall include the following components with applicable milestones and timetables:

- (a) a values, vision, mission, goals and objectives statement;
- (b) a financial plan that includes a financial investment policy, all sources of funding, a complete set of financial projections and quarterly cash flow projections that includes inflationary adjustments;
- (c) a capital plan including a complete listing of capital expenditures detailing renovations to existing Facilities and the construction of new Facilities, and the ownership thereof and a Capital Budget for the Games that includes inflationary factors, and is developed in accordance with GAAP with reasonable assumptions. The capital plan shall also include the purchasing and tendering policy and the conflict of interest policy as referenced in Article 11. The Capital Budget shall provide for an annualized forecast of each current year and the remaining years leading up to the Games;
- (d) an Operating Budget for the Games that includes inflationary factors, and is developed in accordance with GAAP with reasonable assumptions. The Operating Budget shall provide for an annualized forecast of each current year and the remaining years leading up to the Games;
- (e) a risk management and insurance plan, which includes a deficit avoidance plan that will describe the requirement for HostCo to implement remedial measures to eliminate any projected deficit and to establish acceptable levels of risks;
- (f) a revenue generation plan which includes sponsorship, licensing, merchandising and ticketing revenues and value-in-kind support targets and commercial rights managements;
- (g) a performance plan which includes a realistic and fair evaluation mechanism for ongoing, periodic assessment of HostCo's financial, operational, management and capital activities;
- (h) a village operations plan which includes the provision of care and comfort services to athletes and other village residents;
- (i) a comprehensive management information system and information technology plan which includes timing, scoring, results and accreditation;
- (j) a sport and venues plan that includes the approach to venue management, the provision of medical and other services to athletes, venue overlay and doping control;
- (k) a legacy plan in accordance with the requirements of section 33.1;

- (l) a services plan which details the services required by HostCo and a determination as to how those services will be provided. The plan will include Essential Federal Services and Discretionary Government Services, services to be provided by HostCo that are necessary to support those Government services and services provided by third parties;
- (m) an environmental plan detailing how HostCo will manage environmental stewardship and impact;
- (n) a transportation plan which details athletes, participants, VIP, spectators and community members;
- (o) a plan with respect to the recruitment, role and recognition of volunteers which provides opportunities for youth, under represented groups and Aboriginal peoples;
- (p) a human resources plan regarding paid staff and volunteers, including an equal opportunity plan and which provides opportunities for youth;
- (q) a plan for concluding development and use agreements with facility owners and developers, as required, for the Games' Facilities;
- (r) an aboriginal participation plan that details how HostCo will engage this group;
- (s) a marketing and visibility plan which includes promotion of the Pre-Games Events, the Games and tourism;
- (t) a protocol and accreditation plan which reflects the requirements of this Agreement and any PASO requirements;
- (u) a cultural and ceremonial plan that ensures that any cultural program or event of national significance associated with the Games will reflect the cultural, ethnic and linguistic diversity of Toronto and the Greater Golden Horseshoe, Ontario and Canada;
- (v) an official languages plan that details how HostCo will deliver on Canada's Official Languages Requirements as described in Annex E;
- (w) a security plan to be developed in consultation with the Government Parties;
- (x) a health plan which details how HostCo will address public health issues in the staging of the Games;
- (y) a diversity plan that will address participation by groups protected under human rights legislation and persons of diverse ethnic, socio-economic and cultural backgrounds and persons with disabilities; and,

- (z) a communications plan which includes details on how HostCo will advertise and promote the Games, manage community relations, media relations and internet content.

4.4 The Business Plan shall also include milestones for the development and implementation of each component of the Business Plan. In the event of a missed milestone, HostCo shall as soon as practicable notify the Parties and provide an explanation thereof together with a plan to address the delay.

4.5 In light of the evolving nature of the Business Plan, and notwithstanding section 4.4, it is acknowledged that some of its components may be developed in stages as information becomes available. Such stages must be identified in the milestones.

4.6 HostCo will provide the Parties with quarterly updates to the Business Plan, including the financial updates described below, within thirty (30) days after the end of each three (3) month period of each Fiscal Year.

4.7 The quarterly updates of the Business Plan which HostCo is required to provide pursuant to this Agreement will contain a financial statement that includes, at a minimum:

- (a) operating expenses statements;
- (b) revenue statements;
- (c) cash flow statements;
- (d) balance sheets for HostCo's activities for that fiscal period;
- (e) revenue, expenditure and cash flow forecasts;
- (f) expenditure increases (single/cumulative variance 5% or \$5M) and evidence to show that all mitigation strategies have been exhausted;
- (g) analysis of contingent liabilities
- (h) key financial milestones;
- (i) investment performance reports; and, (j) an activity report stating the achievements as they relate to key milestones.

Host Co agrees that the quarterly updates will provide such information showing clearly on a consistent basis a comparison of the percentage of actual expenditures versus the budget set out in the Business Plan, the percentage completion of capital projects or Division Categories milestones as appropriate, and a clear statement of funds remaining compared to projected costs to completion.

4.8 HostCo will not make any material changes to the Business Plan and/or list of capital expenditures that would materially impact a Party's rights or obligations under this

Agreement, without obtaining the prior written consent of each of the Parties affected by such changes. HostCo will provide notice to the other Parties of such changes. All material changes to the Business Plan made by HostCo shall adhere to the requirements of section 4.2 and any other requirements requested by the affected Parties.

4.9. In addition to the requirements of section 4.8, HostCo will obtain the prior written consent of Canada and Ontario to changes to the Business Plan, that would result in an increase in or reallocation among the Division Categories within the Operating Budget or the Capital Budget valued at the lesser of:

- (a) 5% of a Division Category for any single increase or reallocation,
- (b) on a cumulative basis, 5% of a Division Category when taken together with other increases or reallocations made since the most recent approval of the Business Plan, or
- (c) Five Million Dollars (\$5,000,000.00).

This subsection may be waived by Canada and Ontario at their own discretion.

4.10 If a HostCo financial forecast projects the need for a support request by HostCo under the Ontario Support Agreement, HostCo agrees to promptly provide notice to the other Parties in writing of that financial forecast and will also specify the measures that it proposes to take to remedy the projected Deficit. HostCo agrees to take remedial action as directed by Ontario, which shall provide direction to HostCo in its sole and absolute discretion.

4.11 HostCo agrees to keep separate accounts for the Operating Budget and the Capital Budget, and within these budgets, to keep separate records identifying and tracking:

- (a) the incremental costs for staging the Games recorded in sufficient detail to effectively manage the costs of the Games; and
- (b) each funding Party's contribution towards the Games.

4.12 HostCo agrees not make any transfers between the Operating Budget and the Capital Budget without the prior written approval of Ontario and Canada.

5.0 Management Responsibilities

5.1 HostCo will raise funds for purposes related to the successful planning, organizing, promoting, financing and staging of the Games.

5.2 HostCo will organize, plan, promote, finance, stage, manage and conduct the Games in accordance with this Agreement, applicable governing agreements, the requirements of PASO and the IPC, and of any other person or entity with status to impose requirements related to the Games.

5.3 HostCo will employ the services of Infrastructure Ontario as the project manager for those capital projects designated in Annex D. Management of the construction, renovation and maintenance of Facilities as contemplated in the Business Plan, including without limitation procuring all necessary goods and services, entering into any necessary agreements, and disbursing funds with respect to the same, shall be exercised by HostCo or Infrastructure Ontario as its designated capital projects manager.

5.4 HostCo may appoint another capital project manager subject to the approval of Ontario at its sole discretion.

5.5 HostCo shall maintain reasonable books and records with respect to the activities described in this section 5, and upon reasonable notice shall provide copies thereof to the Parties at the requesting Parties' expense, excepting where Ontario or Canada is the requesting party, when they shall be provided at no cost.

6.0 Contacts and Committees

6.1 Unless otherwise specified herein, each of the Parties will designate a primary point of contact for the purposes of assisting HostCo in the development and implementation of the Business Plan and the Operating Budget and Capital Budget, and to act as the primary point of contact for HostCo with respect to the identification, definition, consultation and decisions related to the contributions described in sections 17, 18 and 19 of this Agreement.

7.0 Doping Control

7.1 HostCo will organize and implement a doping control program under the authority of the PASO Medical Committee or the World Anti-Doping Agency, whichever is applicable and in consultation with the Canadian Centre for Ethics in Sport.

8.0 Cultural Program

8.1 HostCo will ensure, to the extent reasonably possible, that any cultural program or events associated with the Games will reflect the cultural diversity of Canada, Ontario and Toronto

8.2 HostCo will offer the opportunity to the Parties to make comments and suggestions regarding cultural programs or events associated with the Games.

9.0 Official Languages

9.1 HostCo acknowledges that Canada's official languages are English and French and further acknowledges that the official languages of the Games are English and Spanish and so, in that light, will:

- (a) undertake to communicate with and serve members of the public and participants in all three languages, and
- (b) take into account the needs of official language minority communities in developing and delivering its programs and services.

Without limiting the foregoing, HostCo will comply with Canada's Official Languages Requirements set out in Annex E.

10.0 Policy on Tobacco Sponsorship

10.1 HostCo will comply with the Federal Government Policy on Tobacco Sponsorship which is set out in Annex F.

11.0 Other Policies

11.1 HostCo will employ a procurement policy that is fair, open and transparent and that reflects generally accepted standards of accountability for organizations operating in the public domain. Any policy created will take into account pre-existing contractual arrangements established by the other parties to which HostCo must adhere.

11.2 In relation to projects funded by Canada identified in this Agreement, HostCo will, to the extent that it is aware, provide notice to Canada in writing of any decision to procure goods or services from a non-Canadian supplier, licensee or contractor that could materially affect Canadian economic interests. Other than the preceding, HostCo has no obligation to Canada with respect to country of origin as it relates to procurement.

11.3 HostCo will establish:

- (a) a conflict of interest policy for directors, officers, employees, and volunteers;
- (b) a financial investment policy to guide the placement of revenues secured for the staging of the Games;
- (c) a policy on participation in the planning, organizing, promoting, financing and staging of the Games, with consideration given to participation by persons of: diverse ages; aboriginal; ethnic; socio-economic and cultural backgrounds and those with disabilities.

12.0 Recognition

12.1 Subject to PASO Statutes, HostCo will ensure, in a manner acceptable to each of the other Parties, that those Parties receive appropriate recognition for their contribution to, and assistance with, the Games.

12.2 The Government Parties recognize the needs for Facility owners to respect policy and other concerns which a funding party may have, and the valuable role which the naming of Facilities can play in raising funds by Facility owners in the private sector.

12.3 HostCo will:

- (a) include as a condition of agreements related to the construction of new Facilities or renovation of existing Facilities to be used during the Games Period, a requirement that, prior to the Facility owner naming or re-naming the facility, that Facility owner will consult with HostCo and will not select a name that is unacceptable to HostCo, acting reasonably;
- (b) prior to exercising the authority referred to in section 12.3(a) with respect to any Facility, the construction or renovation of which has been funded in whole or part by one or more Government Parties, HostCo will consult with such Government Parties; and
- (c) will implement the respective Party's Visibility Plan as described in the Business Plan accepted by Canada and Ontario in accordance with Article 4 ("Business Plan").

12.4 Pursuant to PASO Statutes, HostCo will:

- (a) only consent to the naming or renaming of a new Facility constructed for the Games in accordance with section 12.3, with the approval of the Government Parties, acting reasonably, which provided capital funding for such the Facility;
- (b) only consent to the naming or renaming a refurbished Facility for the Games in accordance with section 12.3, after prior consultation with the Government Parties.

12.5 Any naming or renaming pursuant to sections 12.3 and 12.4 is subject to obtaining from COC and CPC, under governing intellectual property laws, any necessary consent or approval to use any of COC's or CPC's Intellectual property.

13.0 Broadcast Coverage

13.1 HostCo will ensure that domestic radio and television broadcasts of the Games by Canadian broadcast rights holders for the Games are in English and French.

14.0 Intellectual Property

14.1 Subject to the provisions of section 15.1 of this Agreement, PASO and IPC Statutes, Joint Marketing Programme Agreement and Marketing Plan Agreement, any copyright, industrial designs, trademarks and official marks ("Intellectual Property") relating to the COC, HostCo or the Games will be subject to the following:

- (a)** where required by law to be legally protected or where required by PASO, same will be registered or protected, on public record, in the name of the COC and at the HostCo's expense. The COC will be the owner of such intellectual property;
- (b)** any action to prevent any unauthorized use of such intellectual property will be in the name of the COC, taken with the prior written consent of the COC and the HostCo (such consent not to be unreasonably withheld), and will be at HostCo's expense. Furthermore, legal counsel for the COC in all such actions will be counsel designated by the COC, or approved in writing by the COC;
- (c)** any agreement to be entered into by the HostCo authorizing the use of such intellectual property will contain the necessary provisions, approved in writing by the COC prior to use, to ensure that such intellectual property at all times maintains its legally protected status in the name of the COC. For example, any marketing type agreement of the HostCo relating to the use of such intellectual property will adhere to the form of a standard form agreement previously approved in writing by the COC;
- (d)** any use by the HostCo itself of such intellectual property will be in accordance with guidelines in writing prescribed by the COC which are necessary or advisable to ensure that such intellectual property at all times maintains its legally protected status in the name of the COC; and
- (e)** in relation to the marketing agreements referred to above with sponsors, suppliers, supporters, licensees, etc, the COC will be involved in servicing all such sponsors, suppliers, supporters, licensees, etc... to ensure, in a cooperative manner with the HostCo, an integration of such intellectual property of the COC including that relating to Canada's national Pan American or Olympic team, in a manner that is consistent with the marketing plan of the HostCo. Such servicing will be provided at the COC's cost, unless otherwise agreed. For such purpose, the aforementioned agreement, to be entered into between the COC and the HostCo, embodying the provisions of this section 14.1 will contain the necessary provisions relating to the role of the COC in such servicing.

14.2 COC, CPC and HostCo intend that the general principles set out in section 14.1 will be embodied in the agreement described in section 14.1 to be entered into between COC and HostCo.

14.3 It is understood that the provisions of this section do not apply to non-COC Intellectual property which includes:

- (a) pre-existing intellectual property rights;
- (b) intellectual property rights related to the architectural designs and plans or other works developed for the purpose of construction and/or renovation of Games Facilities and sport venue; and
- (c) Intellectual property rights in relation to research or cultural, social or educational events, programs, courses or conferences taking place or being developed in association with the Games, outside of the scope of HostCo's rights and responsibilities.

For greater clarity, section 14.1 does not apply to Intellectual Property created by Canada.

15.0 Archival Material

15.1 All material of archival value produced by or for HostCo for which it holds ownership rights will be collected and organized by HostCo, and preserved and maintained by Ontario in accordance with the Archives and Recordkeeping Act, 2006, S.O. 2006 1990, c. 34, Sched. A.

15.2 Material of archival value produced by Canada will also be preserved and maintained by Canada in accordance with the Library and Archives of Canada Act.

15.3 Subject to section 15.1, the Parties will be entitled to use free of charge, before, during and after the Games Period, copies of any material prepared for or by HostCo or BidCo for purposes of developing and distributing sport or other promotional literature, films, photographs and video material for presentations in any other appropriate medium and for the preparation of such education materials as COC, CPC or Toronto may from time to time determine; or for internal research or other non-commercial purposes, but not for the purposes of marketing, licensing or any other form of fund raising. HostCo will provide such consents without cost, in writing as may be necessary or desirable for such purposes.

PROTOCOL AND ACCREDITATION

16.0 Protocol and Ceremonial

16.1 HostCo will:

- (a) consult with the other Parties in developing policies on ceremonial procedures, protocol and accreditation;
- (b) provide the policies described in section 16.1(a) to each of the other Parties for approval of the portion that is directly applicable to that Party, subject to section 16.1 (c); and,
- (c) ensure that the policies described in section 16.1(a) conform to PASO and IPC Regulations.

16.2 HostCo will use reasonable efforts to ensure that each Party is provided the opportunity to purchase, for its own consumption, a reasonable allocation of event tickets at face value plus applicable surcharges, at a Party's own expense and prior to the beginning of retail sales.

16.3 At the Games, HostCo will treat representatives and guests of a Party in a manner befitting their office and on a basis no less favourable than comparable representatives of other levels of government.

16.4 HostCo agrees that it will use reasonable efforts to provide appropriate accreditation to all persons identified as belonging to one of the categories set out in Annex G.

CONTRIBUTIONS

17.0 Canada's Contribution

17.1 Subject to the provisions of this Agreement and the Contribution Agreement for the hosting of the Games to be signed between Canada and HostCo, if Toronto is awarded the Games, Canada will:

- (a) Contribute to the Capital Budget an amount of up to Three Hundred and Eighty Six Million One Hundred Thousand Dollars (\$386,100,000.00) towards sport venues, including but not limited to those described in Annex D;
- (b) Contribute to the Toronto 2015 Legacy Fund, subject to an endowment agreement, an amount of up to Sixty Five Million Dollars (\$65,000,000.00);
- (c) Provide up to Forty Eight Million Nine Hundred Thousand Dollars (\$48,900,000.00) in Essential Federal Services as outlined in Annex A; and,
- (d) Not contribute more than 35% of total event costs and not more than 50% of total government assistance.

18.0 Ontario's Contribution

18.1 Subject to the provisions of this Agreement, the Ontario Support Agreement and the Transfer Payment Agreement to be signed between Ontario and HostCo, if Toronto is awarded the Games, Ontario shall:

- (a) Contribute to the Operating Budget an amount of Four Hundred and Ninety Five Million Dollars (\$495,000,000.00);
- (b) Subject to an endowment agreement and any contribution agreements, contribute Five Million Dollars (\$5,000,000.00) to the Toronto 2015 Legacy Fund;
- (c) Subject to any other agreements specifying otherwise, at its own cost, provide those services that would ordinarily be provided by Ontario, as services that fall within its jurisdiction; and,
- (d) Subject to the Ontario Support Agreement, assume the cost of any HostCo Deficit.

18.2 Neither the Transfer Payment Agreement nor any endowment agreement described in this Agreement will derogate from the obligation of Ontario to provide the funds or services committed hereunder, provided certain procedural and information reporting requirements set out in the said agreements are adhered to in all material respects by the HostCo.

19.0 Toronto and Other Municipal/University/Corporate Party Contributions

Municipal Contributions

19.1 Subject to the provisions of this Agreement, Toronto and any other municipal party who agrees to be bound to this Agreement shall:

- (a) Enter into Facility agreements with HostCo that will include terms and conditions which shall include, in addition to those requirements at section 32.1, as a minimum:
 - (i) Calendarized schedule of development and contributions;
 - (ii) Obligations and rights of each party;
 - (iii) Representations and warranties;
 - (iv) Default;
 - (v) Facility specifications; and,
 - (vi) Surplus allocation;
- (b) Subject to Facility Agreements to be signed between HostCo and the facility owners, contribute 44% to the total capital costs of sport and event venues

as described in Annex D based on the 2008 estimated total cost and subject to adjustments to address actual costs as agreed to by the parties including inflation and escalation costs;

- (c) At their cost, provide normal levels of services regularly provided by said municipality within its jurisdiction, subject to any agreements with other levels of government or HostCo in respect of shared responsibility for services and subject to any agreements specifying otherwise. Such services may include, but not necessarily be limited to, normal levels of police, emergency medical services, fire and rescue services; street cleaning, parks maintenance, parking operations and enforcement; garbage and recycling collection; traffic signal operation and maintenance; graffiti removal; water and sewer maintenance; street lighting; and by-law enforcement;
- (d) Municipalities shall make their best efforts to allocate their normal level of staff resources for the required services in such a way as to accommodate maximum deployment to the Games. Deployment that does not result in any incremental cost impact on the municipality shall be provided at the municipality's cost. Any additional services shall be requested by HostCo directly to the Municipality and shall be subject to the approval of both parties and include a specific mechanism for payment in compensation;
- (e) Other Municipalities not providing capital contributions for Games Facilities, agree to be bound section 19.1 (c) of this Agreement;
- (f) Refrain from utilizing HostCo and COC Intellectual Property, or their role as participating venue and/or municipality for the Games within or outside of the Games Period, in any marketing and communications initiatives without the written approval from HostCo in advance;
- (g) Refrain from providing any organization with sponsorship and advertising rights, including venue naming rights, with respect to municipal assets specifically used for Games purposes during the Games period and will ensure that municipal assets will not be encumbered by any arrangement that would provide such rights during the Games Period, subject to section 12.0; and
- (h) Forego any revenue lost by venues receiving capital funding support through the Bid due to Bid and Games activities, including rent for Facilities as listed in Annex D.

Other Contributions

19.2 Subject to the provisions of this Agreement, University, College or Facility Owners who agree to be bound to this Agreement shall:

- (a) Enter Into Facility agreements with HostCo that will include terms and conditions which shall include, in addition to those requirements at section 32.1, as a minimum:
- (i) Calendarized schedule of development and contributions;
 - (ii) Obligations and rights of each party;
 - (iii) Representations and warranties;
 - (iv) Default;
 - (v) Facility specifications; and,
 - (vi) Surplus allocation;
- (b) Subject to Facility Agreements to be signed between HostCo and the Facility owners, contribute 44% to the total capital costs of sport and event venues as described in Annex D, subject to adjustments to address actual costs as agreed to by the parties including inflation and escalation costs;
- (c) At their cost, provide normal levels of services regularly provided within its jurisdiction, subject to any agreements with other levels of government or HostCo in respect of shared responsibility for services and subject to any agreements specifying otherwise. Such services may include, but not necessarily be limited to, normal levels of health and safety; street cleaning, parks maintenance, parking operations and enforcement; garbage and recycling collection; traffic signal operation and maintenance; graffiti removal; water and sewer maintenance; and street lighting;
- (d) Universities, Colleges and Facility Owners shall make their best efforts to allocate their normal level of staff resources for the required services in such a way as to accommodate maximum deployment to the Games. Deployment that does not result in any incremental cost impact shall be provided at the no cost to HostCo. Any additional services shall be requested by HostCo directly and shall be subject to the approval of both parties and include a specific mechanism for payment in compensation;
- (e) Other Universities, Colleges, and Facility Owners not providing capital contributions for Games venues, agree to be bound section 19.1 (c) of this Agreement;
- (f) Refrain from utilizing HostCo or COC Intellectual Property, or their role as participating venue and/or jurisdiction for the Games within or outside of the Games Period, in any marketing and communications initiatives without the written approval from HostCo in advance;
- (g) Refrain from providing any organization with sponsorship and advertising rights, including venue naming rights, with respect to any assets specifically used for Games purposes during the Games period and will ensure that the assets will not be encumbered by any arrangement that would provide such rights during the Games Period, subject to section 12.0; and,

- (h) Forego any revenue lost by venues receiving capital funding support through the Bid due to Bid and Games activities, including rent for Facilities as listed in Annex D.

19.3 Any Other Municipal/University/Corporate Party that wishes to enter into the terms of this Agreement may do so by executing the Other Municipal/University/Corporate Joinder Agreement and shall be bound as of the date of execution.

20.0 Appropriation of Funds

20.1 Any obligation of Canada pursuant to this Agreement is subject to the appropriation of necessary funds by Canada in accordance with the provisions of the Financial Administration Act (Canada).

20.2 The payment of money by Ontario pursuant to this Agreement is subject to an appropriation to which the payment can be charged being available in accordance with the provisions of the Financial Administration Act (Ontario).

21.0 Letters of Intent

21.1 Each of the Government Parties and COC that has provided a Letter of Intent will fulfill its obligations as contained in that Letter of Intent.

21.2 Letters of Intent provided by the Government Parties and COC are attached to this Agreement as follows:

- (a) the Letter of Intent of Canada is attached at Annex C to this Agreement;
- (b) the Letter of Intent of Ontario is attached at Annex C to this Agreement;
- (c) the Letter of Intent of Toronto is attached at Annex C to this Agreement; and,
- (d) the Letter of Intent of the COC is attached at Annex C to this Agreement;

22.0 Other Assistance

22.1 Additional requests by HostCo to a Party for further assistance, financial or otherwise, including any Discretionary Government Services, will be made in writing in accordance with section 43 of this Agreement and will be copied to the other Parties.

22.2 A Party is not obligated to comply with a request under section 22.1.

- 22.3 A Party may propose additional investments in sport, social, environmental, arts, culture and economic initiatives that will complement the hosting of the Games.
- 22.4 Any proposed investments under section 22.3 that require the assistance of HostCo will be presented to the Board of Directors of HostCo for consideration.
- 22.5 Canada, Ontario, Toronto and any Other Municipal Party, at their discretion, may provide services to HostCo following a request under section 22.1.
- 22.6 Canada, Ontario, Toronto and any Other Municipal Party, at their discretion, may charge HostCo costs for providing services, including any Discretionary Government Services, requested and provided under section 22.1.
- 22.7 Before requesting Discretionary Government Services from Canada, Ontario (except with respect to its right to select a project manager for designated Facilities as set out in section 5 of this Agreement), Toronto and any Other Municipal Party, HostCo shall satisfy itself that such Discretionary Government Services are not:
- (a) in direct competition with comparable services that are obtainable from the private sector, or other non-governmental services; and,
 - (b) reasonably obtainable from another Canadian source, including volunteers or sponsors.
- 22.8 Once HostCo has satisfied itself in accordance with section 22.7, HostCo may make a request to Canada, Ontario, Toronto or any Other Municipal Party for such Discretionary Government Services.
- 22.9 The acceptance of a request pursuant to section 22.8 shall be subject to the execution of an agreement by HostCo and Canada, Ontario and Toronto.

FINANCIAL CONDITIONS

23.0 Restrictions on Use of Funds

- 23.1 No moneys, identified as a contribution from Canada or Ontario under this Agreement and received by HostCo from Canada or Ontario under subsequent agreements, are to be used, directly or indirectly, to reimburse another Party other than HostCo for any of the costs, incremental or otherwise, which may be incurred by a Party other than HostCo in connection with the Games.
- 23.2 Unless otherwise addressed in any Contribution Agreement from a Party, all interest earned on funds provided to HostCo by a Party and held by HostCo will be added to HostCo's revenues as earned income and attributed to the appropriate Operating Budget or Capital Budget.

24.0 Investment of Contributions

24.1 HostCo will ensure that any portion of Canada's contribution identified in this Agreement and paid by Canada under subsequent agreements that has not been spent or committed will be managed in accordance with the terms and conditions of this Agreement and subsequent agreements until such time as the money is spent or committed in accordance with the terms of this Agreement and subsequent agreements and in that regard HostCo will comply with Canada's Investment Requirements set out in Annex H.

24.2 HostCo will ensure that any portion of Ontario's contribution identified in this Agreement and paid by Ontario under the Transfer Payment Agreement that has not been spent or committed will be managed in accordance with the terms and conditions of this Agreement and the Transfer Payment Agreement.

25.0 Financial and Other Reporting

25.1 HostCo will provide the Parties with signed audited financial statements of HostCo for each fiscal year of HostCo, within 90 days of the fiscal year end. Final signed audited financial statements will be provided to the Parties within 180 days of the winding up of HostCo or as such other date as may be consented to in writing by the Parties.

25.2 In addition to any other information that HostCo is required to provide to another Party under this Agreement, HostCo will provide information to a Party that the Party reasonably requests, at the Party's cost (excepting Ontario, which will be at no cost to Ontario) and within a reasonable time following the request.

25.3 In addition to the information provided by HostCo pursuant to section 25.2, the requesting Party may also examine the books and records of HostCo, and make copies thereof at the requesting Party's expense (excepting Ontario, which will be at no cost to Ontario), upon providing reasonable notice to HostCo.

26.0 Audits

26.1 HostCo will use the services of an independent auditing firm.

26.2 HostCo will provide a Party's authorized auditors and accountants with reasonable access during normal business hours for examination and audit of the books, accounts and records of HostCo.

26.3 An audit conducted by a Party under section 26.2 will be at that Party's cost.

26.4 To avoid multiplicity of audits, the Parties will endeavour to establish a single audit program and audit team.

26.5 HostCo will ensure that all audited financial statements of HostCo will be in accordance with GAAP.

26.6 HostCo shall permit the Ontario Auditor General to audit its books, accounts and records on reasonable notice.

27.0 Evaluations

27.1 HostCo agrees to provide to the other Parties all environmental, economic and social impact studies, operational audits and reviews, and evaluation studies on the programs and activities of HostCo that are conducted by HostCo or on HostCo's behalf.

27.2 Acting reasonably, HostCo will cooperate with and facilitate any evaluations of the Games which may be conducted by a Party at that Party's discretion and cost.

27.3 Where possible and at the discretion of a Party acting reasonably, that Party's evaluation of the Games will be made available to the other Parties.

LEGACY

28.0 Winding Up of HostCo

28.1 As early as reasonably possible, but no later than twelve (12) months prior to the Games Period, HostCo shall, in consultation with the Government Parties, COC and CPC and in accordance with this Article 28, have in place a comprehensive plan to manage the post-Games wind-up of HostCo.

28.2 HostCo shall be wound-up within two (2) years after completion of the Games after disposing of all its real and personal property, meeting all its legal obligations and paying off all its debts. In the event that there are valid reasons why the two year target cannot be met, HostCo will call on the Coordinating Committee to resolve outstanding issues within a reasonable timeframe.

29.0 Distribution of Assets

29.1 After completion of the Games and prior to winding-up, HostCo will dispose of all its real or personal property. Intellectual Property rights will be assigned in accordance with the plan developed by HostCo pursuant to section 28.1

29.2 Any monies recovered by HostCo through the sale of its assets will be added to its operating revenues as earned income.

29.3 If the preliminary measure of expenses and revenues after the Games indicates that HostCo's final audited financial statements are likely to reflect a balanced budget or Surplus and where HostCo concludes that the donation of certain of its personal property (in addition to the sports equipment referred to in section 29.4) would be of greater value to the sport community than the sale of such personal property converted to cash, this option will be considered.

29.4 HostCo will develop a plan for the donation of sports equipment purchased for the Games to national and provincial amateur sport organizations throughout Ontario and Canada (including organizations associated with the Games Facilities which form part of the physical legacy referred to Article 33.0 of this Agreement) and local community centers and groups.

30.0 Toronto 2015 Legacy Fund

30.1 In accordance with this Agreement, Canada will contribute up to Sixty Five Million Dollars (\$65,000,000.00) and Ontario will contribute Five Million Dollars (\$5,000,000.00) for a total of up to Seventy Million Dollars (\$70,000,000.00) to the Toronto 2015 Legacy Fund to be managed by the Toronto 2015 Pan/Parapan American Legacy Games Fund Corporation.

30.2 The purpose of the Toronto 2015 Legacy Fund is:

- (a) to ensure a commitment to long-term development of sport at the domestic and international level;
- (b) to contribute to the operation and maintenance of Legacy Facilities; and,
- (c) to contribute to sport development participation before and after the Games.

30.3 Donations or contributions may be made to the Toronto 2015 Legacy Fund by any of the Parties or by other persons and will be placed by HostCo into a separate interest bearing account immediately upon their receipt and, together with accrued interest, will be transferred to the Toronto 2015 Legacy Fund as soon as reasonably possible after the incorporation of the Toronto 2015 Pan/Parapan American Games Legacy Fund Corporation. For clarification and certainty, any monies received by HostCo for the purpose of the Toronto 2015 Legacy Fund shall not be considered assets of HostCo.

30.4 The Toronto 2015 Legacy Fund will be managed in accordance with the terms and conditions of endowment agreements, which will be consistent with the legacy plan created by HostCo as referred to in section 33.1 and approved by the Parties, contain visibility and recognition requirements and include a provision that calls on earnings from the Toronto 2015 Legacy Fund will be substantially allocated as follows:

- (a) first call, to maintain the purchasing power of the fund;
- (b) second call, subject to the legacy plan to be created by HostCo under section 33 herein which may vary either the attribution percentages or Legacy Facilities listed in this subsection, to pay the operating and capital costs, including capital upgrades, of the Games' Facilities listed below and to support sport development and participation programs as follows:
 - (i) Seventy five (75) percent of remaining earnings will be provided to the owners or, where applicable, operators, to be used to contribute to the operating costs and capital maintenance costs of the following Facilities provided that the Facilities are maintained in a condition which meets the requirements of the International Sports Federations' standards as at the time of the Games for hosting major International competitions.
 1. The Canadian Institute for Sport Ontario/Pan American Aquatic Centre;
 2. The Pan American Athletics Stadium;
 3. The Pan American Velodrome;

Distribution of Funds between legacy facilities will consider, but not necessarily be limited to; size and mandate of the facility, volume of amateur and high performance athletes served, community access and annualized operating needs.

- (ii) the remaining twenty five (25) percent of the earnings will be used for programs to support national and provincial high performance athletes, coaches, sport development and participation.

30.5 Canada and Ontario will use reasonable efforts to endow the Toronto 2015 Legacy Fund within a time frame that recognizes that:

- (a) the Facilities as listed in 30.4(b)(i) required for the Games will be substantially complete and operating prior to the Games Period; and,
- (b) calls on the Fund will be made prior to the Games period due to high demand of athletes training for the Games, and the need to have these Facilities available for training events.

30.6 Notwithstanding this Article, it is understood and acknowledged that owners and lessees of Facilities shall ultimately be responsible for all capital maintenance costs and operating costs related to their respective Facilities, subject to any agreements indicating otherwise.

31.0 Surplus

31.1 In the event of a Surplus and after satisfaction of all terms of the Ontario Support Agreement including repayment to Ontario of any Support Request payments made, such Surplus will be transferred to the Toronto 2015 Legacy Fund.

32.0 Physical Legacy

32.1 HostCo will require, in agreements related to the construction of new Facilities or the renovation of existing Facilities to be used during the Games, specific agreements regarding the terms and conditions of access by amateur and high performance sports groups and public and community based groups to these Facilities, including the timing, number of hours per annum and rates for access.

32.2 Prior to the finalization of the agreements described in section 32.1 of this Agreement, HostCo will consult with the Toronto 2015 Pan/Parapan Games Legacy Fund Corporation and COC and will obtain the approval of Canada and Ontario regarding the terms and conditions of the access. Canada and Ontario agree that the terms and conditions should reflect the amount of funding by Canada and Ontario in relation to the overall value of the facility, the total operating costs of the Facility and the proportion of such operating costs being paid by the Toronto 2015 Legacy Fund.

32.3 The obligations set out in sections 32.1 and 32.2 of this Agreement to make Facilities available to amateur sports groups and public and community based groups will:

- (a) apply to the owners, lessees, operators or managers of Facilities at the time such Facilities are being renovated or built, and to corporations or other entities that they control or that control them;
- (b) apply prior to the Games, if practicable due to the timing of any construction or renovation of such Facilities in preparation for the Games; and,
- (c) apply following the Games only during the useful life of such Facilities.

32.4 Subject to any agreements indicating otherwise, owners and lessees of Facilities to which access agreements apply shall be responsible for all capital maintenance costs and operating costs of their respective Facilities.

32.5 HostCo will require, in agreements referred to in this Article, the inclusion of a provision which permits HostCo to assign to Toronto 2015 Pan/Parapan American Games Legacy Fund Corporation the said agreement upon HostCo's wind-up without the other party's consent.

33.0 Games Legacy Administration

33.1 In accordance with section 4.3(k), HostCo will create a legacy plan for the Toronto 2015 Legacy Fund for approval by the Parties that will include, at a minimum:

- (a) a proposed governance, accountability and management structure and process for the Toronto 2015 Legacy Fund;
- (b) a list of legacy Facilities;
- (c) a business case for the proposed allocation of funds which takes into account the provisions of this Agreement related to Legacy including communication and access to programs and Facilities;
- (d) a process for the ongoing distribution of funds to recipients; and,
- (e) conflict of interest guidelines for its Members/Directors.

33.2 Within nine (9) months following approval by the Parties of the legacy plan, the Parties will establish the Toronto 2015 Par/Parapan American Games Legacy Fund Corporation, the members of which will be appointed by Canada, Ontario, Toronto, the Canadian Olympic Committee and the Canadian Paralympic Committee, whose responsibility shall be to hold, direct and manage:

- (a) the Toronto 2015 Legacy Fund; and,
- (b) access agreements as referred to in Article 32.

IMPLEMENTATION OF AGREEMENT

34.0 Transition to HostCo

34.1 COC, upon execution of this Agreement, will establish a transition team that will be comprised of the three initial members named under section 3.1(b) of this Agreement. The transition team will:

- (a) Function from the time the Games are awarded until such time as the first meeting of the HostCo Board of Directors occurs;
- (b) Assist in the establishment of HostCo; and,

- (c) Perform any required planning, organizing, financing and implementation of tasks required for the Games.

34.2 HostCo will reimburse Ontario, COC or Toronto as the case may be for any costs reasonably incurred by any of them that are associated with any transition activities.

35.0 Coordinating Committee

35.1 The Parties will, upon execution of this Agreement, establish a Coordinating Committee in accordance with Annex I "Coordinating Committee Terms of Reference".

36.0 Limitation of Liability, Indemnification and Insurance

36.1 Except as expressly set out in this Agreement or as otherwise agreed to in writing, Canada, Toronto, COC and CPC assume no responsibility for:

- (a) any aspect of the organization, planning, promoting, financing or staging of the Games including any aspect of the construction, renovation or management of the Facilities; or
- (b) any Deficit of HostCo.

36.2 Except as expressly set out in this Agreement, or as otherwise agreed to in writing, or as a consequence of Canada's, Toronto's, COC's or CPC's negligence, default or wilful misconduct, those Parties will not be liable to the other Parties for any claims, demands, damages, rights or causes of action, arising out of, incidental to, or in any manner connected directly or indirectly with the Games or any work constructed or operated by, or on behalf of, HostCo, whether caused by, resulting from, or incidental to, the use or occupancy, in any connection with the Games, of any lands, buildings, fixtures or Facilities.

36.3 Ontario will save harmless and indemnify Canada, Toronto, COC and CPC against any and all claims, liabilities, demands, damages, rights or causes of action, and expenses, including without limiting the generality of the foregoing, legal costs on a solicitor/client basis, made or asserted by any third party arising out of, or incidental to, this Agreement or the use or occupancy, in connection with the Games, of any lands, buildings, fixtures and/or Facilities unless Canada's, Toronto's, COC's or CPC's negligence, default or wilful misconduct, as the case may be, gave rise to that claim, liability, demand, right, action or cause of action.

36.4 BidCo represents and warrants to the other Parties that it has in place insurance coverage that it deems appropriate.

36.5 BidCo agrees to continue to maintain such insurance referred to in section 36.4 until it ceases to exist.

36.6 HostCo will, upon its incorporation and at its expense, obtain and maintain all appropriate insurance coverage including Directors' and Officers' liability, loss of revenue and such other insurance that comply with all applicable PASO Regulations and as deemed necessary by HostCo until the day HostCo is wound-up or such later period as may be specified in an insurance policy.

36.7 HostCo will provide, upon demand, evidence satisfactory to other Parties of insurance coverage described in section 36.6.

36.8 Canada, Ontario, Toronto, COC and CPC will be included as a named insured on insurance policies carried by HostCo pursuant to section 36.4. Notwithstanding anything else in this Agreement, the Parties agree that the insurance provided for herein is not intended to limit in any respect whatsoever the indemnity obligations in Article 36.

36.9 The insurance coverage deemed necessary by HostCo pursuant to section 36.6 of this Agreement, and any revisions to such coverage, will be submitted by HostCo to Canada, Ontario, Toronto, COC and CPC prior to its implementation.

37.0 Dispute Resolution

37.1 Any dispute between any two or more of the Parties:

- (a) with respect to the performance by any of the Parties of its contractual obligations under this Agreement;
- (b) with respect to the interpretation of any provision of this Agreement; or
- (c) with respect to any other matter which arises in connection with this Agreement,

shall be, following its referral to the Coordinating Committee for preliminary resolution, referred for resolution as specified in Articles 37.2, 37.3 and 37.4.

37.2 Dispute Resolution Escalation

- (a) Upon written request of a Party, a dispute referred to in Article 37 shall be referred to the Executive Committee of HostCo to resolve such dispute.
- (b) Subject to the specific directions of the Parties' respective representatives concerning the format for such discussions, the parties will exchange statements prior to and for use at the discussions by the Executive Committee and the Designated Senior Officials, which statements will contain the following information:
 - (i) Jointly agreed facts
 - (ii) Other facts
 - (iii) Resolved issues

- (iv) Unresolved issues
 - (v) Position of the Party
 - (vi) Options for resolution.
- (c) The Executive Committee will meet to discuss the problem in an effort to resolve the dispute without the necessity of any formal proceeding. During the course of such discussions, all reasonable requests made by one Party to another for access to non-privileged information or information otherwise exempt from disclosure that are reasonably related to the agreement will be satisfied, in order that each of the Parties may be fully advised of the positions of the other parties.
- (d) If the members of the Executive Committee cannot resolve the dispute within ten (10) Business Days of it being referred to them (or three (3) Business Days if either party has notified the other that the matter must be dealt with on an urgent basis), then subject to any contrary agreement being made between the Parties, the dispute will be escalated to each Party's Designated Senior Official, as identified in Annex J, for his/her review and resolution. The Parties' Designated Senior Officials will communicate with each other promptly following the escalation from the Executive Committee for the purpose of endeavouring to resolve such dispute. The Designated Senior Officials will discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding relating thereto.
- (e) If the dispute has not been resolved by the Designated Senior Officials within ten (10) Business Days of it being referred to them (or three (3) Business Days if either party has notified the other that the matter must be dealt with on an urgent basis), then unless the Parties agree in good faith that the time period for negotiations should be extended, then a Party may initiate mediation pursuant to section 37.3 below.

37.3 Mediation

Unresolved disputes under section 37.2(d) will be referred to mediation. The selection of the mediator will be mutually agreed upon by the Parties. If the Parties are unable to agree, a Party may request the Arbitration and Mediation Institute of Ontario Inc., to provide a list of no more than three (3) persons from whom the mediator will be selected by agreement of the Parties. The mediation will be held in Toronto, Ontario. If the Parties fail to resolve the dispute through mediation, then a Party may initiate court proceedings or arbitration pursuant to Article 37.4 below.

37.4 Conduct of Arbitration

- (a) Unresolved disputes under section 37.3 may, on written consent of the Parties, be submitted to arbitration pursuant to the Commercial Arbitration Act (Canada) and the Commercial Arbitration Code within thirty (30) days from the date of the mediator's report.

- (b) The Parties agree to the specific terms of arbitration as set out in Annex K.
- (c) Notwithstanding the foregoing, disputes affecting the rights and obligations of third parties including without limitation intellectual property matters or claims shall not be submitted to arbitration under this Agreement.

38.0 Default by HostCo

38.1 Unless caused by a force majeure event as set out in this Agreement, the following constitute events of default by HostCo:

- (a) a material breach by HostCo of a term or condition or commitment provided for in this Agreement;
- (b) HostCo becomes bankrupt or insolvent or is placed in a receivership or takes the benefit of any statute relating to bankrupt and insolvent debtors;
- (c) an order is made which is not being contested or appealed by HostCo or a resolution, by the Board of Directors, is passed for the winding-up of HostCo or if HostCo is wound-up other than as contemplated by this Agreement; or
- (d) HostCo has submitted false or misleading information to the Parties or intentionally made a false or misleading representation.

38.2 If an event of default occurs:

- (a) under sections 38.1(b) or 38.1(c), a Party may send a written notice, copying Ontario, specifying the event of default and may require that HostCo return to that Party all of its financial assistance paid to HostCo that has not been expended or made subject to legally binding obligations to a third party;
- (b) on delivery of the notice under section 38.2(a), that Party is under no further obligation under this Agreement, and its rights under this Agreement terminate;
- (c) subject to section 38.3, under sections 38.1(a) or 38.1(d), a Party, which suffers material injury or damage from the event of default, may send a written notice, copying Ontario, specifying the event of default and may require that HostCo return to that Party all of its financial assistance paid to HostCo that has not been expended or made subject to legally binding obligations to a third party; and
- (d) subject to section 38.3, on delivery of the notice under section 38.1(c), that Party is under no further obligation under this Agreement, and its rights under this Agreement terminate.

38.3 A Party that proposes to act pursuant to section 38.2(c) must give notice to HostCo, copying Ontario, of the condition or event which constitutes an event of default. If HostCo fails, within 30 days of receipt of the notice, either to correct the condition or event complained of or to demonstrate to the satisfaction of that Party acting reasonably that HostCo has taken steps to correct the condition, and in either case, has notified the contact person for the complaining Party of the correction, then that Party may deliver the notice under section 38.2(c).

39.0 Cancellation, Withdrawal or Postponement

39.1 Subject to section 39.3, in the event that the Games are cancelled, withdrawn or postponed by PASO after Toronto has been selected as host city for the Games or in case of force-majeure, a Party may, by providing written notice to the other Parties, state that it will:

- (a) fulfill its obligations under this Agreement; or
- (b) be under no further obligation under this Agreement.

39.2 In the event that a Party acts under section 39.1(b), HostCo will forthwith return to that Party all of its financial assistance paid to HostCo that has not been expended or made subject to legally binding obligations to a third party unless otherwise agreed to in writing by that Party.

39.3 Section 39.1(b) will not apply unless any postponement by PASO is of material significance to the Party providing the written notice.

GENERAL PROVISIONS

40.0 Conflict of Interest

40.1 No member of Parliament or current or former public office holder of Canada may receive a direct or indirect benefit from this Agreement or obtain any advantage resulting from it unless they are complying with the Parliament of Canada Act (R.S.C. 1985, c. P-1.01) or the Conflict of Interest Act (S.C. 2006, c. 9).

40.2 No current or former public servant of Canada may receive a direct or indirect benefit from this Agreement unless they are in compliance with the *Conflict of Interest and Post-Employment Code for Public Office Holders* or the *Values and Ethics Code for the Public Service*.

40.3 No member of the Legislature of Ontario will be admitted to any share or part of this Agreement or to any benefit arising therefrom.

40.4 No member of the Toronto City Council or of the council or governing body of any Other Municipal/University/Corporate Party will be admitted to any share or part of this Agreement or to any benefits that may arise therefrom.

40.5 No Director of COC will be admitted to any share or part of this Agreement or to any benefits that may arise therefrom.

40.6 No Director of CPC will be admitted to any share or part of this Agreement or to any benefits that may arise therefrom.

41.0 Waiver

41.1 No waiver by a Party of any default under this Agreement will be valid unless given to the other Parties in writing. No waiver by a Party of any default hereunder will operate as a waiver of any other default, whether of a like or different character.

42.0 Entire Agreement

42.1 This Agreement, including the Annexes and any amendments to them, constitute the entire agreement amongst the Parties with respect to the subject matter addressed herein. This Agreement takes precedence over, cancels, and replaces any other agreement, undertaking, contract, quasi-contract or obligation that may have been concluded or may exist among the Parties with respect to the issues addressed herein.

42.2 Other agreements may arise between some or all of the parties concurrent with or subsequent to the formation of this agreement (such as the Ontario Support Agreement, the Transfer Payment Agreement, the Joint Marketing Program Agreement or Contribution Agreement) that may address, in greater detail, the rights or obligations addressed in this agreement and, to the extent that those agreement do so, they shall be ancillary to and not in conflict with this section.

42.3 In the event that there is a conflict between the provisions of this Agreement and the Ontario Support Agreement relating to matters concerning Ontario's financial support for the Games, and, without limiting the generality of the foregoing, section 18 of this Agreement, the Ontario Support Agreement shall govern.

43.0 Notice

43.1 Any confirmation, report, notice, consent, approval, instruction, authorization, direction, waiver, statement or other document that a Party or Other Municipal/University/Corporate Party (collectively "Notice Recipients") may be required or may desire to give or deliver to another Notice Recipient will be in writing, effective, and deemed received by the Notice Recipient:

- (a) If delivered personally, on the date of delivery;

- (b) if mailed or sent by courier, on the third Business Day after mailing or sending (provided that document(s) will not be mailed during the course of any known interruption of mail service;
- (c) if transmitted by facsimile transmission, on the date the transmission is confirmed received through the transmission report; and
- (d) if sent by electronic mail, on the second Business Day after sending provided that the Notice Recipient has not informed the sender that it is not capable of retrieving electronic mail,

at the address set out for that Notice Recipient in Annex L or at such other address or addresses as a Notice Recipient may, from time to time, notify the other Notice Recipients of in writing.

44.0 Revisions

44.1 This Agreement may only be amended during its term by written agreement of the Parties.

45.0 Execution

45.1 The Parties represent and warrant to each other that they have respectively taken all legally required action, corporate or otherwise, to enter into this Agreement and to authorize their officers and officials to execute this Agreement.

46.0 Interpretation

46.1 This Agreement will be governed by, and construed in accordance with, the laws in force in the Province of Ontario.

47.0 Confidentiality

47.1 All information provided to the receiving Party (the "Recipient") by the disclosing party (the "Discloser") under this Agreement or in anticipation of entering into this Agreement is confidential to the Recipient and of a nature whose disclosure to a third party may interfere with the planning, organizing, staging and financing of the Games, and as such the Recipient will not disclose such information to any third party without the prior consent of the Discloser; provided always however that the obligation to keep information confidential will not apply to information which:

- (a) was in the Recipient's possession before receipt from the Discloser;
- (b) is or becomes a matter of public knowledge through no fault of the Recipient;
- (c) is rightfully received by the Recipient from a third party without a duty of confidentiality;
- (d) is disclosed by the Discloser to a third party without a duty of confidentiality on the third party; or
- (e) is required by law to be disclosed including but not limited to applicable statutes, regulations or other enactments or by lawful order of a court or administrative tribunal having jurisdiction.

47.2 Nothing herein will operate or will be construed so as to prohibit a Recipient from disclosing such information to another Party to this Agreement.

47.3 Notice is hereby given that Canada is subject to the provisions of the Access to Information Act and the Privacy Act (Canada). Information submitted and in the possession of a federal institution may be eligible for disclosure in accordance with the requirement of these acts.

47.4 Notice is hereby given that Ontario and HostCo are subject to the provisions of the Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. F.31. Information submitted and in the possession of Ontario or HostCo is governed by that Act and may be eligible for disclosure in accordance with the requirement of that Act.

47.5 Notice is hereby given that the municipal parties are subject to the provisions of the Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. M.56. Information submitted and in the possession of the municipal parties is governed by that Act and may be eligible for disclosure in accordance with the requirement of these acts.

48.0 Compliance with Applicable Laws

48.1 HostCo agrees to comply with all applicable federal, provincial and local laws, regulations and bylaws. In addition, HostCo undertakes to obtain all necessary licenses, permits, consents and/or approvals that may be required by law to carry out its activities. All work necessary for the organization of the Games will be expected to fully comply in all material respects with federal legislation (including legislation that implements international treaties) regarding planning, construction and protection of the environment. These include the Department of the Environment Act, Canadian Environmental Protection Act, 1999, the Fisheries Act, the Canadian Environmental Assessment Act, Migratory Birds Convention Act, and the Species at Risk Act.

48.2 Furthermore, HostCo agrees to comply with:

- (a) the provisions of its Incorporation Documents, any other corporate governance document regulating or subscribed to by HostCo or any resolution of HostCo; and
- (b) any judgment, decree, order or award of any court, regulatory authority or arbitrator made in respect of HostCo.

49.0 Agreement not a Partnership

49.1 Except as expressly set out in this Agreement, this Agreement will not be construed to place the Parties in the relationship of agents and principal, master and servant, settler and trustee, partners or joint venturers and no Party will have any right to obligate or bind any other Party in any manner.

49.2 It is acknowledged that HostCo and any other corporation formed pursuant to this Agreement is not an agent of any other Party, and that none of the Parties is an agent of HostCo or of any other corporation formed pursuant to this Agreement.

49.3 A Party will not, unless otherwise agreed to in writing by the other applicable Party, hold itself out as an agent of that Party, or purport to enter into contracts, on behalf that Party.

49.4 Unless otherwise agreed to by the applicable other Party, HostCo will ensure that all Facility agreements they will enter into will contain a provision indicating that HostCo is not an agent of Canada, Ontario, Toronto, CPC or COC.

50.0 Severability

50.1 If any provision of this Agreement is determined to be invalid or unenforceable by an arbitrator or a court of competent jurisdiction from which no further appeal lies or is taken, that provision will be deemed to be severed herefrom and the remaining provisions of this Agreement will not be affected thereby and will remain valid and enforceable; provided that in the event that any portion of this Agreement will have been so determined to be or become invalid or unenforceable (the "offending portion"), the Parties will negotiate in good faith such changes to this Agreement as will best preserve for the Parties the benefits and obligations of such offending portion.

51.0 Force Majeure

51.1 The Parties shall not be liable for damages caused by delay or failure to perform their obligations under the Agreement where such delay or failure is caused by an event beyond its reasonable control. The parties agree that an event shall not be considered beyond one's reasonable control if a reasonable business person applying due diligence in the same or similar circumstances under the same or similar obligations as those contained in the Agreement would have put in place contingency plans to either materially

mitigate or negate the effects of such event. Without limiting the generality of the foregoing, the parties agree that force majeure events shall include natural disasters and acts of war, pandemic, insurrection and terrorism but shall not include shortages or delays relating to supplies or services. If a party seeks to excuse itself from its obligations under this Agreement due to a force majeure event, that party shall immediately notify the other party of the delay or non-performance, the reason for such delay or non-performance and the anticipated period of delay or non-performance. If the anticipated or actual delay or non-performance exceeds fifteen (15) business days, the other party may immediately terminate the Agreement in accordance with its terms related to termination.

52.0 Termination

52.1 This Agreement will terminate automatically if:

- (a) on the date the Games are awarded, PASO awards the Games to a city other than Toronto; or
- (b) within 90 days of HostCo's incorporation, HostCo does not execute the Joinder Agreement.

52.2 If the Games are awarded to Toronto and HostCo becomes a party to this Agreement in accordance with section 2.4 of this Agreement, this Agreement will terminate on the later of:

- (a) December 31, 2015; or
- (b) completion of all obligations of the Parties under this Agreement.

52.3 Notwithstanding any termination of this Agreement, or a termination in its normal course, the sections entitled "Restrictions on use of Funds", "Audits", "Evaluations", "Limitation of Liability, Indemnification and Insurance" and "Confidentiality" will survive in accordance with their provisions, as well as any other section or provision which, by its nature, would normally survive any such termination.

53.0 Further Assurances

53.1 Each of the Parties will, upon the reasonable request of another Party, make, do, execute or cause to be made, done or executed all further and other lawful acts, deeds, things, devices, documents, instruments and assurances whatever for the better or more perfect and absolute performance of the terms and conditions of this Agreement.

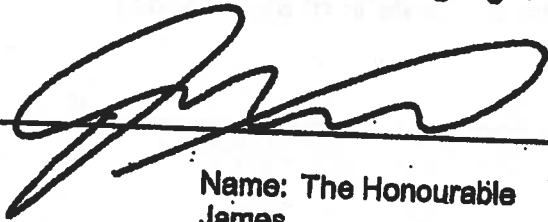
54.0 Counterparts

54.1 This Agreement may be entered into by each Party signing a separate copy of this Agreement or its execution pages (including a photocopy or faxed copy) and delivering it to the other Parties.

IN WITNESS WHEREOF

The Parties have executed this Agreement on the dates noted below.

SIGNED on behalf of Her Majesty the Queen in right of Canada as represented by the Minister of Canadian Heritage and Official Languages and the Minister of State (Sport)



Name: The Honourable
James
Moore, P.C., M.P.

Title: Minister of Canadian
Heritage and Official
Languages

Date: NOV - 5 2009

Name: The Honourable
Gary Lunn, P.C., M.P.

Title: Minister of State
(Sport)

Date:

SIGNED on behalf of Her Majesty the Queen in right of Ontario as represented by the Minister of Health Promotion

Name: Angela Longo

Title: Deputy Minister

Date:

IN WITNESS WHEREOF

The Parties have executed this Agreement on the dates noted below.

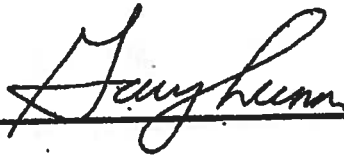
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Date:

NOV - 5 2009



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Title: Minister of State
(Sport)

Date:

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Name: Angela Longo

Title: Deputy Minister

Date: *Nov 5 2009*

CITY OF TORONTO



Name: Joe Pennachetti

Title: City Manager

Date: Nov 5, 2009

CANADIAN OLYMPIC COMMITTEE

Name: Michael Chambers

Title: President

Date:

Name: Chris Rudge

Title: CEO and Secretary
General

Date:

CANADIAN PARALYMPIC COMMITTEE

Name: Henry Storgaard

Title: Chief Executive
Officer/Président-
directeur général

Date:

CITY OF TORONTO

Name: Joe Pennachetti

Title: City Manager

Date:

CANADIAN OLYMPIC COMMITTEE

Name: Michael Chambers

Title: President

Date: *Nov 5/09*

Name: Chris Rudge

Title: CEO and Secretary General

Date: *Nov 5/09*

CANADIAN PARALYMPIC COMMITTEE

Name: Henry Storgaard

Title: Chief Executive Officer/Président-directeur général

Date:

*Cyril
Quatbooz
president*

ONTARIO 2015 PAN AMERICAN GAMES BID CORPORATION

Name: *David Peterson*

Title: Chair

Date:

Name: *Jagoda Pike*

Title: President and COO

Date: *Nov 5/09*

Milestone 005-001-12 Velodrome

Schedule C – Draft – Town of Milton Memorandum of Understanding

Milestone 005-001-12 Schedule C Memorandum of Understanding

CONFIDENTIAL

MEMORANDUM OF UNDERSTANDING

AMONG:

**TORONTO ORGANIZING COMMITTEE FOR THE 2015 PAN AMERICAN AND PARAPAN
AMERICAN GAMES**

AND

ONTARIO INFRASTRUCTURE AND LANDS CORPORATION

AND

- <insert name of Municipality>

IN RESPECT OF THE:

PAN AMERICAN GAMES VELODROME FACILITY

AS PART OF THE 2015 PAN AMERICAN AND PARAPAN AMERICAN GAMES PROJECT

Effective as of November ___, 2011

MEMORANDUM OF UNDERSTANDING

INTRODUCTION

1.1 Purpose of the Memorandum of Understanding

The purpose of this Memorandum of Understanding (“**MOU**”) is to set forth the roles, relationships, mutual expectations, joint and separate responsibilities and accountability mechanisms of and among the Toronto Organizing Committee for the 2015 Pan American and Parapan American Games (“**Toronto 2015**”), Ontario Infrastructure and Lands Corporation (“**Infrastructure Ontario**”) and • (the “**City**”) with a view to enabling the efficient and effective development, construction, implementation and the legacy requirements of the Pan American Games Velodrome Project (“**Project**”) to be located on lands <owned> by the City as are further described in Schedule E attached hereto (the “**Site**”), an infrastructure project relating to the 2015 Pan American and Parapan American Games to be held in the greater Toronto area (the “**Games**”).

1.2 Project Description

The Pan American Sports Organization (“**PASO**”) selected the bid submitted by the Ontario 2015 Pan Am Games Bid Corporation for the Games.

Pursuant to a memorandum of understanding executed between Toronto 2015 and Infrastructure Ontario dated May 5, 2010 Toronto 2015 has retained the services of Infrastructure Ontario as the project manager for certain Games infrastructure projects, including the Project, as were set forth in the Multi-Party Agreement (the “**MPA**”) dated November 5, 2009 relating to the Games and a Letter of Direction to Infrastructure Ontario from the Minister of Energy and Infrastructure dated March 10, 2010.

Toronto 2015 has been incorporated under the *Ontario Corporations Act* and operates as a Not for Profit Corporation under the direction of a 12 member board of directors.

Toronto 2015’s letters patent include the following fundamental responsibilities:

1. to plan, organize, finance, promote and stage the 2015 Pan/Parapan American Games in and around Toronto;
2. to promote Toronto as the host city and the surrounding municipalities and regions as the host area, Ontario as the host province, and Canada as the host country for the Games; and
3. to provide assistance in preparation of event facilities for the Games including overseeing and managing the infrastructure and capital build and operating requirements.

Infrastructure Ontario is a provincial Crown Agency amalgamated and continued under the *Ontario Infrastructure and Lands Corporation Act, 2011* and acts under the direction of the Ministry of Infrastructure (“**MOI**”) to deliver projects on behalf of the Province on time and on budget using alternate financing and procurement (“**AFP**”) methods in a manner that is consistent with MOI’s Building a Better Tomorrow: An Infrastructure Planning, Financing and Procurement Framework for Ontario’s Public Sector, which sets out the following five principles:

1. The public interest is paramount;
2. Value for money is demonstrable;
3. Appropriate public control/ownership must be preserved;
4. Accountability must be maintained; and
5. All processes must be fair, transparent and efficient.

It is understood that the above guiding principles will apply to the extent applicable to this particular Project.

The City will be the owner of the Pan American Games Velodrome (the “**Facility**”) and will participate in its development and construction as contemplated herein. The City was incorporated as *<insert brief description of City’s constating legislation>*.

The relationships between the Parties will be more clearly defined in a definitive facility agreement (the “**Facility Agreement**”) in respect of the Facility which, among other things, shall determine the roles, relationships, joint and separate responsibilities, authorizations and obligations of the Parties with respect to: (a) Project delivery; (b) Games use; and (c) legacy considerations.

The Project will be developed, built and implemented pursuant to a project agreement and various ancillary agreements related thereto (collectively the “**Project Agreement**”) to be entered into between Infrastructure Ontario and a private sector entity or entities selected pursuant to a competitive procurement process (“**Project Co**”) under which Project Co will undertake the obligations set out in the Project Agreement. The parties acknowledge and agree that the Project Agreement may also provide for the Design-Build-Finance of other Games facilities.

1.3 Basic Principles

Toronto 2015, Infrastructure Ontario and the City (each a “**Party**” and collectively, the “**Parties**”) agree that the relationship among them will align with and enable them to deliver the Project using practices, procedures, and procurement and contracting documents developed and recommended by Infrastructure Ontario and agreed to by the other Parties. The selected AFP delivery model for this Project has been determined as the Design-Build-Finance (“**DBF**”) model which limits financing to construction financing only and which will include an interim payment and a substantial completion payment as further described below in Section 2.1(c)(xi).

1.4 Primary Roles and Responsibilities of the Parties

The Parties agree to co-operate in good faith in all matters necessary to enable them to meet the goals and objectives of the Project as contemplated by the MPA. The Parties will endeavour to minimize sources of disagreement and take timely action before they become matters of dispute.

In respect of the performance of their roles and responsibilities under this MOU, the Parties agree that they shall:

- (a) act in a cooperative and collaborative manner in carrying out their respective roles with respect to the Project as necessary, and to facilitate the effective and efficient delivery of the Project;
- (b) throughout the Project, regardless of the nature of a Party's role, such Party shall make commercially reasonable efforts that are not limited to financial matters to:
 - (i) consider any input that a Party receives from the other Parties in carrying out its roles and responsibilities under this MOU and the Facility Agreement;
 - (ii) keep the other Parties informed with respect to the status of the Project, as necessary and appropriate; and
 - (iii) act in accordance with the best interests of the Project.
- (c) where a Party plays a primary or lead role in relation to a Project matter, such Party shall:
 - (i) consider input, acting promptly and reasonably, from the other Parties;
 - (ii) promptly and where applicable furnish status, documentation and particulars, when requested, to the other Parties;
 - (iii) promptly provide, if requested, an explanation to the other Parties of the basis of any rejection of input submitted by such Party;
 - (iv) seek and obtain the regulatory approvals required to fulfill its obligations with respect to the Project; and
 - (v) based on the required input and approvals received from the other Parties, make decisions with respect to the Project as are appropriate in the circumstances, for certainty, the matters listed in Schedule G attached hereto shall require the prior approval of the City and Toronto 2015.
- (d) where a Party functions in a supporting role in relation to a Project matter, such Party shall be entitled to access, review and submit commentary and questions with respect to information and documentation (where applicable) pertaining to such matter under this MOU, provided that such Party:
 - (i) invokes in a timely fashion any such access, review or commentary rights, having regard to the timelines of the Party having primary responsibility for such matter;
 - (ii) recognizes in seeking any such access, review or commentary rights, the need to focus on the business or commercial aspects of the matter in question, having general regard to Toronto 2015's obligation to deliver the Project, provided that the foregoing shall not limit such Party's right to comment upon the drafting and terms of the Project Agreement or any other Project related documents to the extent consistent with its rights under this MOU; and
 - (iii) permits the Party having primary or lead responsibility for the matter to make the necessary decisions after having obtained the necessary input and approvals from

the other Parties in accordance with Section 1.4(c) above and to enter into the necessary commitments in order to fulfill its mandate with respect to such matter.

The Parties acknowledge and agree that with respect to this Project, but subject at all times to the terms and conditions of this MOU and the Facility Agreement, if Toronto 2015 determines that a particular course of action must be taken with respect to the Project or that a decision is required to be made in a certain way in order to meet Toronto 2015's responsibility under the MPA to deliver the Project in a timely manner, then Toronto 2015 may direct that a particular course of action be taken or decision be made and the other Parties shall comply with such direction, to the extent reasonable under the circumstance, necessary to ensure on-time delivery of the Games and, in the case of Infrastructure Ontario, without violating Infrastructure Ontario's obligations as agent of the Crown and any direction issued by MOI and in the case of the City without violating the authorities and direction of the City's Council.

PROJECT GOVERNANCE

2.1 Key Responsibilities

Toronto 2015 has overall responsibility for the implementation and delivery of the Project, from the point of commencement of the Project in accordance with the MPA until such time as the Project facilities are fully operational (expected to be ●, 2014) and then throughout the Games period (expected to be on or about June, 2015 through September, 2015), all in accordance with this MOU and the Facility Agreement. In this regard and subject to this MOU, Toronto 2015, Infrastructure Ontario and the City will have the following, non-exhaustive, responsibilities:

- (a) as project manager, Infrastructure Ontario shall have primary responsibility for the delivery of the Project so as to enable Toronto 2015 to deliver the Games, as further specified in the MPA, which delivery responsibility includes all financing, construction, development, procurement and management of the Project in accordance with this MOU and the Facility Agreement and any documentation that flows therefrom. In fulfilment of these responsibilities, Infrastructure Ontario agrees to:
 - (i) advise Toronto 2015 and the City on the recommended AFP delivery model for this Project (a DBF delivery model which will include milestone payments as described below);
 - (ii) lead all procurement required for the Project through any required Request for Qualifications/Proposals ("**RFP**") processes, obtaining approval from Toronto 2015 and the City prior to contracting with Project Co and involving Toronto 2015 and the City as active members of the evaluation and selection process in all instances, including full participation in establishing the criteria for approving the RFP in accordance with Section 1.4(c) and developing the Project Specific Output Specifications ("**PSOS**"). It is understood that the City will undertake all procurements related to the remediation of the Site as contemplated in Section 2.1(c)(ii) hereof;
 - (iii) lead project management and contract management in the delivery of the Project required to support the Games which assignment may include, subject to approval by Toronto 2015 and with input from the City, all financing, construction, development, procurement and management of the Project;

- (iv) participate in the negotiation of and enter into the Facility Agreement with respect to issues relating to the delivery of the Project and Infrastructure Ontario's role and responsibility during each of the pre-Games, Games and post-Games periods;
- (v) support Toronto 2015 in its coordination of and communications with the City to help ensure the effective and efficient delivery of the Project;
- (vi) lead in, or cause Project Co to lead in, obtaining, executing, maintaining, and as applicable, renewing, all permits, licenses, approvals and agreements for which responsibility has been allocated to Infrastructure Ontario in accordance with the Permits, Licenses, Approvals and Agreements Matrix set out in Schedule F to this MOU (the "**PLAA Matrix**");
- (vii) advise and support Toronto 2015 and the City, as the case may be, in obtaining, maintaining, and as applicable, renewing, certain permits, licenses, approvals and agreements in accordance with the PLAA Matrix;
- (viii) lead in developing or causing to be developed the PSOS for the Project to the level required for the Project procurement processes based on the approved delivery model, including meeting and incorporating all information, statutory and functional programming requirements established by the City and Toronto 2015 into the completed Project;
- (ix) lead in the provision of overall Project procurement coordination and transaction management services during all phases of the Project up to and including the date on which Project Co's obligations under the Project Agreement reach financial close ("**Financial Close**") as that term is defined in the DBF Project Agreement, including developing the procurement documents and negotiating the terms and conditions of the Project Agreement, and other agreements to be entered into in respect of the Project;
- (x) lead in the provision of, directly or through the retention of dedicated external resources provided for in budgetary forecasts approved by Toronto 2015 and the City, project management activities during execution of the Project construction work;
- (xi) lead in the provision of day-to-day on-site contract management and administration, including change order management, of Project Co and all consultants during construction of the Project facilities to facilitate an on time and on budget Project delivery with a target date of substantial completion of the Project of ●, 2014 as further set forth in Schedule A, or such other date as the Parties may agree to in writing, which includes contract management and administration with parties after substantial completion of the Project, but excludes contract management and administration for agreements with respect to work (including construction and demolition work) related to Project overlay for the Games;
- (xii) liaise with its principal stakeholders and any other federal, provincial or municipal ministry or agency should the Project require it;
- (xiii) keep Toronto 2015 and the City informed, at regular project update meetings, with respect to the status of the procurement for the Project, and seek input from Toronto 2015 and the City to ensure the effective and efficient delivery of the Project;

- (xiv) provide, based on IO precedent forms, the following reports and information to Toronto 2015 and the City: (a) monthly construction reports in a form and manner as further directed by Toronto 2015, in order to keep Toronto 2015 and the City informed with respect to the status of the Project; (b) financial information, records and documentation related to the Project quarterly during construction in accordance with generally accepted accounting principles and in a manner that clearly distinguishes between “hard” and “soft” costs and the components thereof; and (c) the additional materials contemplated by Section 2.5;
 - (xv) seek input and/or direction from Toronto 2015 and the City as required, pursuant to the MPA and this MOU, as applicable, to ensure the effective and efficient delivery of the Project;
 - (xvi) provide to Toronto 2015 and the City financial statements related to the Project in a mutually acceptable form at agreed-upon intervals;
 - (xvii) be responsible for the contractual allocation of risk in the Project Agreement and any associated risk matrices prepared to demonstrate value for money, project delivery policies and procedures to be followed in the procurement and implementation of the Project including the Facility Agreement and associated policies, procedures and project management details that will form a project implementation plan pursuant to the Facility Agreement;
 - (xviii) retain and provide access to all required documentation to meet applicable audit requirements of each of the parties hereto;
 - (xix) provide the City with reasonable access to the Site upon reasonable prior written notice to enable it to undertake any post-remediation monitoring as required by the Ministry of Environment (Ontario);
 - (xx) at the City’s option and on mutually agreeable terms, administer, on behalf of Toronto 2015 and the City as the parties may reasonably agree, the enforcement of all warranties, guarantees and other performance commitments obtained from Project Co and, if applicable, subcontractors in relation to the development, construction and implementation of the Project (collectively, the “**Warranties**”), which Warranties shall benefit Toronto 2015 and the City, and transfer or assign the administration of such Warranties to the City upon completion of the Post-Games Works, which arrangements for administering Warranties, as agreed between the Parties, shall be reflected in the RFP and the Project Agreement; and
 - (xxi) enforce, on behalf of Toronto 2015 and the City, the applicable provisions of the Project Agreement.
- (b) Toronto 2015 agrees to:
- (i) be responsible to its stakeholders including the City for the successful delivery of the Project in cooperation with Infrastructure Ontario;
 - (ii) lead in the development, negotiation and execution of the Facility Agreement with Infrastructure Ontario and the City;

- (iii) lead in the coordination of and communication with the City to help ensure the effective and efficient delivery of the Project;
 - (iv) lead in obtaining, executing, maintaining, and as applicable, renewing, all permits, licenses, approvals and agreements for which responsibility has been allocated to Toronto 2015 in accordance with the PLAA Matrix;
 - (v) advise and support Infrastructure Ontario and the City, as the case may be, in obtaining, maintaining, and as applicable, renewing, certain permits, licenses, approvals and agreements in accordance with the PLAA Matrix;
 - (vi) contribute to and lead in causing the City to develop a functional program for the Project to the level required for the Project procurement processes based on the approved delivery model, including meeting and incorporating all information and statutory requirements, ensuring that user, community input, as necessary, is reflected in the Project development and ensuring that the Project meets functional program requirements, all of which will be incorporated by Infrastructure Ontario into the Project Agreement;
 - (vii) participate in the development, review and approval of the design documents at designated intervals as they are being prepared for the Project to the level required for Project procurement processes based on the approved delivery model, including meeting and incorporating all information, statutory and continuity of functional programming requirements;
 - (viii) participate as an active member of the procurement evaluation process as required for the Project through the applicable RFP processes;
 - (ix) lead in the development of overlay plans for the Project;
 - (x) provide all information and input to, and work with, Infrastructure Ontario, the City and the Project advisors and consultants as necessary and on a timely basis to develop, build and implement the Project;
 - (xi) provide funding for its share of the capital costs and coordinate funding by the City in accordance with Section 2.1(c)(xii) of this MOU as will be further detailed in the Facility Agreement; and
 - (xii) retain and provide access to all required documentation to meet applicable audit requirements of each of the parties hereto.
- (c) The City agrees to:
- (i) appoint a representative to communicate and act on behalf of the City in respect of all matters pertaining to the delivery of the Project;
 - (ii) deliver the Site for the Project to Toronto 2015 and Infrastructure Ontario by ●, 2012, in accordance with the following requirements:
 1. the City shall, at its own cost and risk, obtain, maintain and, as applicable, renew, all permits, licenses, approvals and agreements for which

responsibility has been allocated to the City in accordance with the PLAA Matrix;

2. advise and support Infrastructure Ontario and Toronto 2015, as the case may be, in obtaining, maintaining, and as applicable, renewing, certain permits, licenses, approvals and agreements in accordance with the PLAA Matrix;
3. provide a clean and ready-to-build site by performing all required remediation in accordance with the Site Remediation Program set out in Schedule C to this MOU and in accordance with the requirements pertaining thereto as set out in the PLAA Matrix;
4. the City will provide appropriate authority to Toronto 2015, Infrastructure Ontario and Project Co to enter on to the Site to conduct the Project delivery after the completion of the remediation of the Site (subject to earlier access at reasonable times and on reasonable prior written notice to the City);
5. the City acknowledges and agrees that if further remediation or mitigation measures at the Site are required before the Substantial Completion of the Facility to the City under the Project Agreement, the City shall, subject to and in accordance with the provisions of the Project Agreement, be responsible for the costs which may be attributable to such additional remediation and mitigation measures, including but not limited to financial losses arising from delays to construction and other schedule impacts and any requirement for additional building design measures and equipment requirements;
6. the City shall deliver, from a qualified professional, a report in respect to the successful completion of the Site Remediation Program as more particularly set out in the PLAA Matrix;
7. <the City will complete the Enabling Works set out in Schedule D to this MOU in accordance with the requirements for same as set out in the PLAA Matrix>;
8. the Site must be delivered free and clear of all encumbrances (other than Permitted Encumbrances), Enabling Works deficiencies and other deficiencies that would impede construction of the Facility so as to facilitate an on time and on budget Project delivery. In addition, the Site must be vacated by the City's contractors and other workers retained in connection with the remediation no later than <●, 2012>;
9. the City agrees to provide regular reports to Toronto 2015 and Infrastructure Ontario in respect of the status of the Site Remediation Program, Enabling Works and Early Works described above;
10. the City acknowledges to Toronto 2015 and Infrastructure Ontario that the Facility Agreement will contain specific monetary sanctions, including but not limited to liquidated damages, for the failure of the City to comply with the provisions of this subsection, the specifics of such monetary sanctions are to be negotiated between the parties and included in the Facility Agreement.

- (iii) be responsible for the successful delivery of the Project in cooperation with Toronto 2015 and Infrastructure Ontario in accordance with the allocation of key responsibilities set out in this Section 2.1 of the MOU;
- (iv) negotiate and enter into a Facility Agreement with Toronto 2015 and Infrastructure Ontario incorporating all critical aspects of the Project including project delivery, Games use of the Project, and legacy considerations;
- (v) develop a functional program and validated space program for the Project in consultation with Toronto 2015 to be finalized no later than ●, 2011 to the level required for the Project procurement processes based on the approved delivery model, including meeting and incorporating all information and statutory requirements, working with Toronto 2015 and Infrastructure Ontario to ensure that user and community input, as necessary, is reflected in the Project development and ensuring that the Project meets functional program requirements, all of which will be incorporated by Infrastructure Ontario into the design/build documents;
- (vi) participate as an active member of the evaluation processes in all instances for the necessary procurement process required for the Project through any required RFP processes including establishing the criteria for and commenting on the RFP, developing the PSOS, and considering all matters requiring approval of City in a timely fashion;
- (vii) as land owner, execute any necessary ancillary agreements, as are required to be delivered in relation to the Project;
- (viii) participate in the development, review and approval of the design documents at designated intervals as they are being prepared for the Project to the level required for the Project procurement processes based on the approved delivery model, including meeting and incorporating all information, statutory and continuity of functional programming requirements;
- (ix) engage users and the community to ensure that their input is reflected in the Project;
- (x) provide all information and input to, and work with, Infrastructure Ontario, Project advisors and consultants and Toronto 2015, as necessary, on a timely basis to develop, build and implement the Project;
- (xi) provide funding for the City's share of the capital costs in the manner and at the times to defined and as to be agreed to in the Facility Agreement; it is understood that the Facility Agreement will address the funding of "soft" costs and "hard" costs pursuant to approved budgets and that, in the case of "hard" costs, Infrastructure Ontario's delivery model contemplates payments at a scheduled milestone payment date ("**Scheduled Milestone Payment Date**") and a scheduled substantial completion date ("**Scheduled Substantial Completion Date**"), to be followed by a final adjustment payment:
 - (1) in the case of soft costs, monthly, no later than thirty (30) days after receipt of an invoice from Toronto 2015; and

- (2) in the case of hard costs, no later than two (2) weeks prior to the Scheduled Milestone Payment Date and Scheduled Substantial Completion Date, as such dates will be defined in the Project Agreement;
- (xii) retain and provide access to all required documentation to meet applicable audit requirements;
- (xiii) provide reasonable assistance to Infrastructure Ontario and Toronto 2015, from time to time, and execute all further documents necessary to give full effect to this MOU;
- (xiv) indemnify and save harmless Infrastructure Ontario and Toronto 2015 from and against all losses actually suffered or incurred by Toronto 2015 or Infrastructure Ontario, as the case may be, relating to the performance or breach of this Agreement by the City, including any losses resulting from the City failing to deliver the Site in accordance with subparagraph (c)(ii) above, provided that the City shall not be obligated to indemnify Toronto 2015 and IO in respect of losses caused by Toronto 2015, IO, Project Co, its subcontractors, and others for whom the City is not in law responsible; and
- (xv) indemnify and save harmless Infrastructure Ontario and Toronto 2015 from and against all losses actually suffered or incurred by Toronto 2015 or Infrastructure Ontario, as the case may be, as a result of the non-performance of the obligations of the City pursuant to the Facility Agreement, provided that the City shall not be obligated to indemnify Toronto 2015 and IO in respect of losses caused by Toronto 2015, IO, Project Co, its subcontractors, and others for whom the City is not in law responsible;
- (d) The Parties acknowledge and agree that the Facility Agreement will address any specific monetary sanctions to be imposed on a Party due to its failure to comply with any provisions of the Facility Agreement.
- (e) The Parties acknowledge and agree that the entering into and execution of this MOU and the Facility Agreement and the entering into of the Project Agreement by Infrastructure Ontario does not, in any way, and is not intended to, create a related employer relationship for the purposes of the *Labour Relations Act* (Ontario).
- (f) The performance and indemnification obligations of the Parties hereunder shall be subject to events of force majeure as defined in the Project Agreement.

2.2 Key Project Management Positions and Contact Information

Each Party acknowledges and agrees that timely access to the other Party's key decision-makers is required in order to facilitate the successful implementation of the Project.

Each Party will assign individuals to certain key positions as follows:

- (a) Infrastructure Ontario will assign a lead executive (the "**Infrastructure Ontario Executive Lead**"), a Senior Vice President responsible for the Project (the "**Infrastructure Ontario SVP**"), a Vice President responsible for the Project (the "**Infrastructure Ontario VP**") and a Project Manager ("**Infrastructure Ontario PM**")

who together will have authority (as among Toronto 2015, Infrastructure Ontario and the City) to speak for Infrastructure Ontario in respect of matters arising from or related to the Project and this MOU and who will be responsible for the development and implementation of the Project in accordance with the staging of the Project set out in section 3 of this MOU, each of whom are set out below:

Infrastructure Ontario Executive Lead: Antonio De Santiago

Infrastructure Ontario SVP: John McKendrick

Infrastructure Ontario VP: Derrick Toigo

Infrastructure Ontario PM: Amanda Smith

- (b) Toronto 2015 will assign a lead executive (the “**Toronto 2015 Executive Lead**”), a Senior Project Manager responsible for the Project (the “**Toronto 2015 SPM**”), a Project Manager (the “**Toronto 2015 PM**”) who together will have authority (as among Toronto 2015, Infrastructure Ontario and the City) to speak for Toronto 2015 in respect of matters arising from or related to the Project and this MOU and who will be responsible for the development and implementation of the Project in accordance with the staging of the Project set out in section 3 of this MOU, each of whom are set out below:

Toronto 2015 Executive Lead: Murray Noble

Toronto 2015 SPM: TBD

Toronto 2015 PM: TBD

- (c) the City will assign a lead executive (the “**City Executive Lead**”), a Senior Project Manager responsible for the Project (the “**City SPM**”) and a Project Manager (the “**City PM**”) who together will have authority (as among Toronto 2015, Infrastructure Ontario and City) to speak for the City in respect of matters arising from or related to the Project and this MOU and who will be responsible for the development and implementation of the Project in accordance with the staging of the Project set out in section 3 of this MOU, each of whom are set out below:

City Executive Lead: ●

City SPM: ●

City PM: ●

- (d) the Parties will facilitate regular communication between each Party’s senior management team working on the Project;
- (e) each of the Parties will assign key staff as that Parties’ project team (the “**PMT**”), to be described more fully in the Facility Agreement. Each Party shall ensure that all members of the PMT are appropriately qualified to enable that Party to fulfil its obligations under this MOU, the Facility Agreement and the Project Agreement; and
- (f) except as provided in the Facility Agreement, each Party shall endeavour to ensure that

2.3 Escalation of Decision-Making

If any disagreement arises between the Parties with respect to any issue or matter in connection with the Projects or this MOU (a “**Dispute**”), any Party may require that the following procedure be followed to the extent necessary to resolve the Dispute:

- (a) the representatives of the Parties working on the development of the applicable Project will attempt to resolve any Dispute informally by meeting as often, for a duration and as promptly as those individuals deem necessary to discuss the Dispute and negotiate in good faith in an attempt to resolve the Dispute;
- (b) if the representatives of the Parties are unable to resolve any Dispute through informal discussions or negotiations and a Party wishes to escalate the decision-making in respect of such Dispute pursuant to the terms of this section 2.3, then such Party may refer the Dispute to the Infrastructure Ontario Executive Lead, the Toronto 2015 Executive Lead and the City Executive Lead who will attempt to resolve the Dispute through discussion and good faith negotiation;
- (c) if the Infrastructure Ontario Lead, the Toronto 2015 Executive Lead and the City Executive Lead, as applicable, are unable to resolve the Dispute, they may refer the Dispute to the Chief Executive Officer of Toronto 2015, the Chief Executive Officer of Infrastructure Ontario and the City’s designate who will attempt to resolve the Dispute through discussion and good faith negotiation;
- (d) in the event that a Dispute arises that does not affect or impact all of the Parties to this MOU, the affected Parties agree to keep the unaffected Parties informed of all matters related to the Dispute on a timely and regular basis from such time as the Dispute first arises until the Dispute is resolved; and
- (e) the Facility Agreement will include a formal arbitration mechanism in the event that a Dispute cannot be resolved pursuant to the foregoing procedures.

2.4 Advisors and Consultants

With respect to the Project, and except as otherwise provided in this section 2.4, or as otherwise agreed by the Parties, Infrastructure Ontario will be responsible for retaining external project advisors and consultants required for the purpose of the development and construction of the Project provided that Toronto 2015 shall have the right to approve such project advisors and consultants put forward by Infrastructure Ontario.

Subject to the preceding paragraph,

- (a) attached to this MOU as Schedule B is a list of external project advisors and consultants as at the date of this MOU, which have been, or will be, engaged by Toronto 2015 in relation to the development and construction of the Project and which will form part of the costs of the Project as set out in Section 2.5 below;
- (b) Infrastructure Ontario may, with the agreement or upon the direction of Toronto 2015, retain advisors and consultants nominated by Infrastructure Ontario to work on the

development and construction of the Project in order to facilitate the efficient and effective delivery of the Project the costs of which will form part of the costs of the Project as set out in Section 2.5 below;

- (c) The City and Toronto 2015 will not (save and except for Toronto 2015's advisors specifically set out in Schedule B) retain additional advisors external to Toronto 2015, the City and Infrastructure Ontario (legal, financial, process, or cost consultants, architects, engineers or otherwise) in relation to the development and construction of the Project unless agreed to by Infrastructure Ontario. This shall not apply to any advisors Toronto 2015 or the City retains for its own decision making purposes or in connection with the negotiation of the Facility Agreement and the Project Agreement. Further, it is acknowledged and understood that if the City has retained or will in future retain consultants and advisors in connection with the rezoning of the Site and related planning requirements and the remediation of the Site and the related costs of these advisors will be paid solely by the City; and
- (d) The Parties agree to consult with each other regarding any additional work that either Party desires to request of the external advisors and consultants. The Parties will report to each other on the additional work undertaken by the external advisors and consultants in the same manner as they report to each other in respect of all Project-related work.

External advisors and consultants retained by Infrastructure Ontario for the Project in accordance with this section 2.4 will represent and jointly advise Infrastructure Ontario, Toronto 2015 and the City on matters in respect of the development and construction of the Project except for those matters where Infrastructure Ontario, Toronto 2015 and the City may be adverse in interest or take contrary positions. In such cases, Infrastructure Ontario, Toronto 2015 and the City must then each decide whether to seek independent advice. Unless otherwise agreed, and to the extent reasonably practical and necessary for the purposes of this Agreement, each Party shall endeavour to provide the other Party with reasonable notice of each and every occasion when an advisor is expected to provide advice with respect to a Project. The Parties agree however, that in the event of a Dispute between any of Infrastructure Ontario, Toronto 2015 and the City, as the case may be, regarding the Project, such external advisors may, with agreement of all the Parties, continue to act for the Parties on the Project and shall be entitled in any event to continue to act for the Parties in respect of other projects.

2.5 Project Costs

All costs and expenses relating to the services being provided to Toronto 2015 and by Infrastructure Ontario under this MOU, including the costs and expenses of external advisors and consultants and costs and expenses relating to Project Co's design, construction, construction financing, procurement and Infrastructure Ontario's transaction management services provided in connection with the Project, shall be deemed to be Infrastructure Ontario's cost of delivering the Project ("**Infrastructure Ontario Project Delivery Costs**"). The responsibility for the Infrastructure Ontario Project Delivery Costs and the terms and conditions governing the payment of such Infrastructure Ontario Project Delivery Costs are to be agreed upon by Toronto 2015 and Infrastructure Ontario, in writing, prior to the incurring of any such costs.

All costs and expenses relating to: (i) the completion of the Early Works (as detailed in Schedule D.2); and (ii) the completion of the Post-Games Works (as detailed in Schedule D.3) shall be deemed to be the City's cost of delivering the Project (collectively, the "**City Project Delivery**

Costs”). The City Project Delivery Costs do **not** include: (i) increased costs to the Project related to responsibilities for which the City is solely responsible in accordance with Section 2.1(c) of this MOU; (ii) additional costs to the Project as a result of increases in scope to the Project requested and approved by the City; and (iii) costs associated with the City Site Enabling Works (as detailed in Schedule D.1). The City shall be responsible for administering the City Project Delivery Costs, but such City Project Delivery Costs are to be agreed upon by Toronto 2015, in writing, prior to being incurred by the City.

All costs and expenses relating to the services being provided by Toronto 2015, including project management services, the external advisors and consultants, legal, transaction management, financing and other services set out in Schedule B required to deliver the Project, shall be deemed to be Toronto 2015’s cost of delivering the Project (“**Toronto 2015 Project Delivery Costs**”).

The Infrastructure Ontario Project Delivery Costs, the City Project Delivery Costs and the Toronto 2015 Project Costs shall be collectively defined as the “**Permitted Project Delivery Costs**” and the Parties acknowledge that the Permitted Project Delivery Costs relating to the Project and reimbursement of same will be addressed in the Facility Agreement among Toronto 2015, Infrastructure Ontario and the City.

The City’s capital contribution to the Project shall be 44% of the total Permitted Project Delivery Costs.

Subject at all times to the MPA, Toronto 2015’s capital contribution shall be 56% of the total Permitted Project Delivery costs up to a maximum of \$● (● Dollars). For greater certainty, Toronto 2015 shall not be required to fund (i) increased costs to the Project related to responsibilities for which the City is solely responsible in accordance with Section 2.1(c) of this MOU; (ii) additional costs to the Project as a result of increases in scope to the Project requested and approved by the City; or (iii) costs associated with the City Site Enabling Works (as detailed in Schedule D.1).

For greater certainty, the Parties acknowledge and agree that Infrastructure Ontario has no funding obligations in respect of the Project.

Infrastructure Ontario, Toronto 2015 and the City will be responsible for maintaining detailed and accurate accounts of hard and soft costs associated with the delivery of the Project in accordance with generally accepted accounting principles and shall furnish such detailed records to the City on a quarterly basis during the construction period and any relevant post-construction period. Such financial information will include, without limitation, annual audited financial statements for the Project. The Facility Agreement will grant reciprocal audit rights to the Parties with respect to, amongst other matters, the determination and verification of the costs associated with the delivery of the Project.

2.6 Effective Project Management

Infrastructure Ontario, Toronto 2015 and the City are each committed to ensuring that the Project is delivered on-time and on-budget while meeting the quality standards to be established in the scope definition of the Project which shall include, among other issues, scope of the Project, functional programming, budget creation, and output specifications (including legacy requirements), all of which shall be subject to approval by Toronto 2015 and the City.

The Parties agree that the Project will be implemented using a project management and controls framework, developed and recommended by Infrastructure Ontario and approved by Toronto 2015 and the City, which will be in accordance with the terms of this MOU and which will define the principles by which the Project team will implement the Project. The implementation of this project management and controls framework will include the preparation of the Facility Agreement.

Among other key issues, the Facility Agreement will detail the DBF AFP delivery model selected for the Project as well as the Project team, provide a more detailed construction and milestone schedule and budget to which all parties involved in the Project will commit, and describe the risk management framework to be applied to the Project.

The project management and controls framework developed and recommended by Infrastructure Ontario and approved by Toronto 2015 and the City will include the reporting obligations of all Parties and will address the use of specific information technology tools to support the strategies and workflows incorporated within the project management and controls framework. The Parties agree to use this common set of tools to allow the efficient, effective and transparent management of the Project.

2.8 Signage Rights

The Parties acknowledge and agree that from the date of this MOU until completion of the Games, Toronto 2015 reserves and retains the exclusive right to: (i) designate the name for the Site, Facility and any part of the Facility; (ii) erect signage in relation to the Site and the Facility; (iii) associate any trade-marks, naming or branding with the Facility or any part of the Facility; and (iv) install any Toronto 2015, Pan American Games and Para Pan American Games signage on the Site or on any part of the Facility, at a location and in a size satisfactory to Toronto 2015, including, for clarity, on any hoarding erected on the Site. Without limiting the foregoing rights, it is expressly agreed by the Parties that such rights may be assigned or licensed to any sponsor of TO2015 or the Games. It is agreed, however, that, with the prior written consent of Toronto 2015, to be determined in its sole discretion, the City, may, for the period prior to completion of construction, erect and maintain signage at or on the Site or at or on the Facility (which may include the City's logos and trade names) identifying its respective roles in connection with the Site and Facility, in a number and location and having a size and quality approved in advance by Toronto 2015, in its sole discretion. The City hereby agrees that it will not enter into any agreement, commitment or understanding which limits, restricts, derogates from, or otherwise interferes with the rights granted to Toronto 2015 hereunder and/or its ability to exploit such naming rights (including by way of sublicensing such naming rights to a licensee).

PROJECT STAGING AND COMMUNICATIONS

3.1 Timeline

The Parties' intention is to initiate and implement the Project without undue delay, subject to the required approvals. The current plan for the development and implementation of the Project is as set out in Schedule A. The Parties agree that they will use the contents of Schedule A as the basis for Project timeline discussions.

3.2 Communications Protocol

The Project represents an important infrastructure commitment by the Governments of Canada and Ontario, MOI, the Ministry of Health Promotion and Sport (“**MHPS**”), Toronto 2015 and the City. Accordingly, a comprehensive communications and stakeholder relations plan is necessary to ensure the public is informed and engaged where necessary on Project developments. This plan will support effective communications with Project stakeholders and the surrounding communities.

To ensure the timely exchange of information and clear lines of communication at all levels of Project management, a communications protocol is essential to support the implementation of the Project, to ensure consistency of messaging, and to support the Parties in accounting to the public at large.

Toronto 2015, Infrastructure Ontario and the City agree to develop joint strategies and work in cooperation to move communications priorities for the Project forward.

A detailed communications protocol outlining roles and responsibilities will be further developed and agreed to by the Parties. Infrastructure Ontario shall ensure that the Project Agreement contains a detailed communications protocol that is consistent with the communications protocol between the Parties.

General

4.1 Amendments to this MOU

Any amendments or changes to this MOU shall be by written amendment signed by the Parties, except for any change to the Parties’ representatives set out in section 2.2 of this MOU, which changes may be made by providing written notification to the other Parties.

4.2 Term and Termination

This MOU shall terminate upon the earlier of (a) execution of the Facility Agreement by Infrastructure Ontario, Toronto 2015 and the City; and (b) the final discharge (by performance, termination or otherwise) of the rights and obligations of Infrastructure Ontario in respect of the Project (including any post-Games obligations), in accordance with the provisions hereof unless terminated earlier upon the Parties' mutual written agreement. The Parties acknowledge their intention and objective of executing this MOU prior to the approval and issuance of the RFP and Project Agreement.

4.3 Disclosure and Precedent Documents

With respect to the Project procurement documents, agreements, project management documents and processes and other documentation created or provided by Infrastructure Ontario in relation to the management of the Project (the "**Procurement Documentation**") as well as the MOU, the Facility Agreement and any other documentation created by the Parties in relation to the Project (collectively, with the Procurement Documentation, the "**Project Documentation**"), the Parties agree as follows:

- (a) subject only to removal of information that falls within one of the exemptions under the *Freedom of Information and Protection of Privacy Act* any of the Parties may disclose the Procurement Documentation publicly, including by means of posting documents on their respective websites;
- (b) the Parties shall agree, acting reasonably, as to the ownership of intellectual property rights in the Procurement Documentation, it being understood, generally, that Infrastructure Ontario shall own all rights in documentation reflecting procurement policy and practice and that the City shall own design drawings, as further set out in the Facility Agreement;
- (c) Infrastructure Ontario shall ensure that the Project Agreement and other documentation relating to the Project include terms: (i) to permit Infrastructure Ontario or any Party to disclose any information, including confidential information of Project Co (including any other person or entity engaged by Project Co, either directly or indirectly, for the Project) and any other external consultants or advisors or other persons or entities engaged by Infrastructure Ontario for the Project, to Toronto 2015, the City, MHPS and MOI; and (ii) to provide that Toronto 2015, the City, MHPS, MOI and/or Infrastructure Ontario may, subject to compliance with the *Freedom of Information and Protection of Privacy Act*, use, disclose, archive or publish (including on websites) the information on such terms and in such manner as Toronto 2015, the City, MHPS, MOI and/or Infrastructure Ontario see fit;
- (d) subject to compliance with the *Freedom of Information and Protection of Privacy Act*, Infrastructure Ontario may use the Project Documentation for its own purposes, including, but not limited to benchmarking and as precedents for other infrastructure development projects; and
- (e) the Project Documentation shall contain provisions that reflect the principles in this section 4.3.

The provisions of this section 4.3 shall survive any expiry or termination of this MOU.

4.4 Notices

Any notices or written consents or approvals to be provided by the Parties under this MOU shall be provided to the following individuals at the following addresses:

If to Toronto 2015:

Murray Noble, Senior Vice President, Toronto 2015
Toronto 2015 Pan/Parapan American Games
Corus Quay
25 Dockside Drive, 7th floor
Toronto, Ontario M5A 0B5
416-957-2010
murray.noble@toronto2015.org

If to Infrastructure Ontario:

Antonio De Santiago
Executive Vice President, Project Delivery
Infrastructure Ontario
777 Bay Street, 6th Floor
Toronto, Ontario M5G 2C8
antoniodesantiago@infrastructureontario.ca

If to City:

-

with a courtesy copy to:

-

* * *

This MOU was signed by the duly authorized representatives of the Parties on the date(s) mentioned below but has been deemed effective as of the date referred to on the front page hereof.

Ontario Infrastructure and Lands Corporation

Toronto Organizing Committee for the 2015 Pan American and Parapan American Games

Name: J. David Livingston
Title: President & CEO
Date:

Name: Ian Troop
Title: CEO
Date:

Name: Antonio De Santiago
Title: EVP Project Delivery
Date:

Name:
Title:
Date:

City

Name:
Title:
Date:

Name:
Title:
Date:

Schedule A

Plan for the Development and Implementation of the Project

TORONTO 2015 PAN/PARAPAN AMERICAN GAMES INFRASTRUCTURE ONTARIO WORK PROGRAM

Project Title - Description	Proposed AFP Delivery Model	Issue RFQ	Name Prequalified Parties	Approved Functional Program	Issue RFP	Close RFP	Commercial Close and Financial Close / Construction Start	Site Ready	Substantial Completion
Pam American Games Velodrome	DB(F)	Dec 2010	August 2011		September 2011	February 2012	June 2012		

* * *

Schedule B

External Project Advisors and Consultants

Toronto 2015 Advisors

Venue Verification Advisor

Venue Overlay Advisor(s)

Sustainability Advisor

Accessibility Advisor

Project Management/Program Management Controls Advisor

Legal Counsel with respect to the Facility Agreement.

Financial Audit

City Advisors

None

* * *

Schedule C

Site Remediation Program

Schedule D.1

City Site Enabling Works

Schedule D.2

Early Works

Schedule D.3

Post-Games Works

Schedule E

Schedule F
Permits, Licenses, Approvals and Agreements Matrix

Schedule G

Matters Requiring Approval of Toronto 2015 and the City

The following matters in respect of which Infrastructure Ontario or Toronto 2015 has lead responsibility shall require the prior written approval of the City:

1. The RFP, including all addenda thereto.
2. The Project site plan agreement and any other agreement that may be required as a condition of any permit, license, approval or authorization for the development of the Project Site and the Facility.
3. Schedules 1 (PLAA chart), 15 (PSOS), 18 (Communications Protocol), 25 (Insurance) to the Project Agreement.
4. Project timetables and scheduling.
5. Project budgets and cost estimates (capital and operating).
6. Insurance related to the Project.
7. Indemnities from Project Co, subcontractors, and others related to the Project.
8. Warranties from Project Co, subcontractors and others related to the Project.
9. Any changes to specifications or the functional program for the Project.
10. Any environmental matters related to the Project other than those for which the City has lead responsibility.
11. Any other action or decision that could reasonably be expected to have a material impact on those aspects of the Project listed above or any other matter which, by the terms of the MOU, requires the approval of the City.

Milestone 005-001-12 Velodrome

Schedule D – Milton Velodrome Financial Sustainability Strategy

Milestone 005-001-12

SCHEDULE 'D': VELODROME FINANCIAL SUSTAINABILITY STRATEGY

Capital			
Objective is to identify contingency for the partner capital share (Laurier) of 2.5 M		Range	
		Low	High
C1	Land endowment of 5 acres from Milton IV Lands for Velodrome (current value vs. serviced)	0.75	2.5
C2	Savings from construction (scoping of building, geothermal mechanical equipment elimination)	1.2	1.5
C3	Additional fundraising/In-kind sponsorships	1.2	1.5
C4	Benefiting partners road construction (@ 50 % of costs)	0.5	0.75
<i>N.B. Any surplus in the capital program from these or other sources will be transferred to the new Velodrome Reserve Fund.</i>			
Total Capital		3.45 M	6.25 M

Operating			
Objective is to provide sources of revenue outside of the business plan that will offer additional revenue sources		Annual Range	
		Low	High
O1	Annual contribution from Velodrome Reserve (for building and maintenance/operations)	130 K	150 K
O2	Annual estimated revenues from ground mounted solar	15 K	30 K
O3	Land Endowment future annual land lease revenues (20K SF)	75K	150K
Total Potential Additional Operating Funds		220 K	330 K

Notes:

- C1 Land donation previously identified by partner.
- C2 Infrastructure Ontario will work with the Town of Milton to source savings in construction costs and the Town of Milton will investigate with Milton Hydro the opportunity to build a geothermal heating and cooling system for the building.
- C3 Staff will investigate additional partner in-kind contributions and request the fundraising committee to increase their goal.
- C4 These funds will be recovered from adjacent property associated with building the access road to the site from Tremaine Road; set up as long term receivable.
- O1 Surplus from the capital program will be placed in reserve fund and supplement the annual budget as required.
- O2 The Town of Milton will investigate ground mounted solar panels with a local partner.
- O3 Upon approvals of development in the Milton Education Village, endowment lands can be leased to provide a new source of revenues for the project if they are not needed for capital.

Milestone 005-001-12 Velodrome

Schedule E – Milton Velodrome – Product Donation Agreement

Milestone 005-001-12 Schedule E Velodrome Product Donation Agreement

VELODROME PRODUCT DONATION AGREEMENT

THIS AGREEMENT is entered into effective _____, 2012

B E T W E E N:

THE CORPORATION OF THE TOWN OF MILTON
(herein referred to as the "Town")

- and -

(herein referred to as the "Donor")

WHEREAS the Town is entering into agreements with the provincial and federal governments including Ontario Infrastructure and Lands Corporation, and the Toronto Organizing Committee for the 2015 Pan American and Parapan American Games (herein referred to collectively as the "Velodrome Partners") to construct the Pan American Games Velodrome Facility in Milton (herein referred to as the "Velodrome");

AND WHEREAS the Donor wishes to support this community project by donating certain products to the construction of the Velodrome;

THEREFORE, in consideration of the payment of the sum of \$10.00 by the Town to the Donor and the mutual covenants and agreements herein and other good and valuable consideration, which the parties confirm the sufficiency of, the Town and the Donor agree as follows:

ARTICLE 1
DEFINITIONS

1.1 In this Agreement the following terms shall have the following meanings:

- (a) "Agreement" means this agreement and all schedules attached to this agreement.
- (b) "Business Day" means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario.
- (c) "Director of Community Services" shall mean the Director of Community Services of the Town and, in addition, includes any person designated by Council or the Director of Community Services to act on his or her behalf with respect to matters contained in this Agreement.
- (d) "Product" means the goods or materials being donated by the Donor pursuant to this Agreement in support of the construction of the Velodrome, which good or materials are described more particularly in Schedule "A" attached hereto.
- (e) "Velodrome Partners" means as defined in the recitals above;
- (f) "Velodrome" means as defined in the recitals above;

ARTICLE 2 DONATION

- 2.1 The Velodrome is intended to be constructed during 2013 and 2014, although it is possible that construction may commence prior to 2013 and/or extend beyond 2014. The Donor agrees to provide the Product to the Town and/or the Velodrome Partners or their agents to be used in connection with the construction of the Velodrome.

- 2.2 The Town and/or the Velodrome Partners or their agents will provide the Donor with as much notice as reasonably possible, and no less than days written notice, as to the date when the Product will be required. The Donor will deliver the Product to the Velodrome construction site by the date specified in the notice and in accordance with any specific instructions provided with respect to the delivery of the Product to the site.
- 2.3 There may be additional special terms with respect to this donation and if so, those special terms, if any, are as set out in Schedule “B” attached hereto.
- 2.4 The Town will provide public recognition of the donation of the Product by the Donor. The particulars of this recognition are still being developed at the time of the execution of this Agreement.
- 2.5 Notwithstanding any other provision of this Agreement, the Town, through its Director of Community Services, may terminate this Agreement or decline the donation as it deems appropriate, at any time, upon written notice to the Donor. In such event, there will be no further obligation of either party and/or any of the Velodrome Partners, with respect to this Agreement.

ARTICLE 3
NOT AN AGREEMENT PURSUANT TO DEVELOPMENT CHARGES ACT

- 3.1 This Agreement is not an agreement pursuant to the *Development Charges Act, 1997*, S.O. 1997, c. 27, as amended, or any successor or similar legislation. It is agreed that the Town

will not be giving any credit for the donation of Product required pursuant to this Agreement, as against development charges, present or future.

**ARTICLE 4
MISCELLANEOUS PROVISIONS**

4.1 Any notice required or permitted to be given hereunder or any tender or delivery of documents may be given by personal delivery or by facsimile transmission ("fax") or by regular or registered mail, to the parties at the following addresses:

(a) if to the Town: 150 Mary Street
Milton, Ontario
L9T 6Z5

Attention: Director of Community Services

Fax Number: 905- 864-3222
Telephone: 905-878-7211

(b) if to the Donor:

Attention:

Fax Number:

Telephone:

Any notice or delivery hereunder shall be given as herein provided or to such other addresses or fax numbers or in care of such other person as a party may from time to time advise by notice in writing as aforesaid. The date of receipt of such notice or delivery shall be the date of actual delivery to the address specified if delivered by personal delivery or the date of actual transmission to the fax number if faxed, unless in either case such date is not a

Business Day, in which event the date of receipt shall be the next Business Day immediately following the date of such delivery or transmission, or five days after mailing if sent by regular or registered mail to the addresses specified above.

- 4.2 Time shall be of the essence of this Agreement and all matters contained or referenced herein.
- 4.3 This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. The Donor may not assign its rights or obligations under this Agreement without the prior written consent of the Town, which consent may be unreasonably withheld.
- 4.4 This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.
- 4.5 If any section or sections or part or parts of a section or sections in this Agreement are determined by any Court or tribunal of competent jurisdiction to be illegal or unenforceable, it or they shall be considered separate and severable from this Agreement and the remaining provisions of this Agreement shall remain in full force and effect and shall be binding upon the parties hereto as though the said section or sections or part or parts of a section or sections had never been included.
- 4.6 The parties hereby acknowledge and confirm the truth and accuracy of the Recitals.
- 4.7 The following Schedules are attached to and shall form part of this Agreement and shall have the same force and effect as if the information, provisions and obligations set out in them are contained in the body of this Agreement:

Schedule "A" - Description of the Product

Schedule "B" - Special Terms

IN WITNESS WHEREOF the parties have duly executed this Agreement as at the date first written above.

THE CORPORATION OF THE TOWN
OF MILTON

Per: _____
Name: Gordon A. Krantz
Title: Mayor

Per: _____
Name: Troy McHarg
Title: Town Clerk

We have authority to bind the Corporation.

[DONOR'S NAME]

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the Corporation.

SCHEDULE "A"

DESCRIPTION OF THE PRODUCT

Draft

SCHEDULE "B"

SPECIAL TERMS (IF ANY)

- 1.
- 2.
- 3.
- 4.

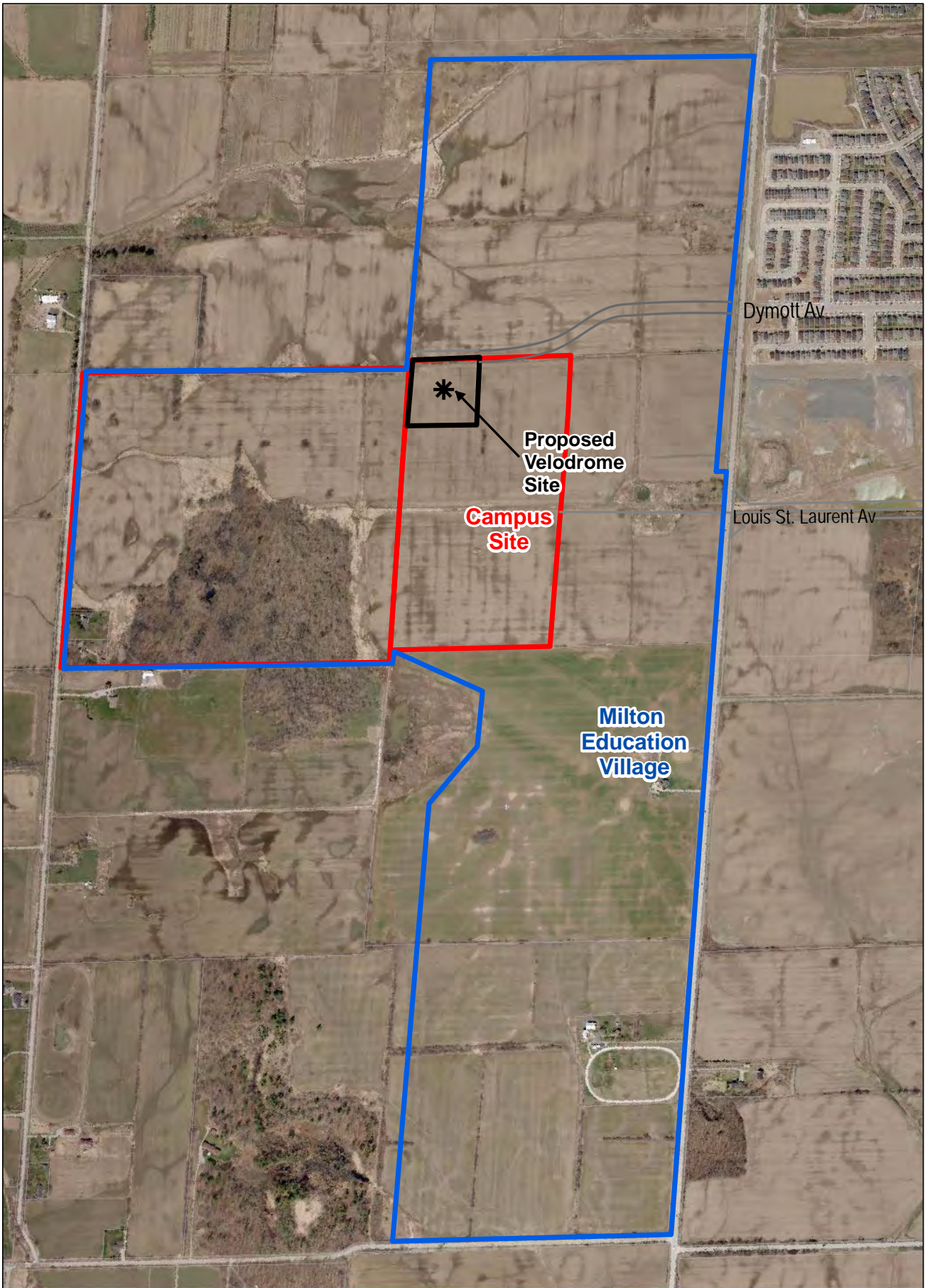
Draft

SCHEDULE "C"

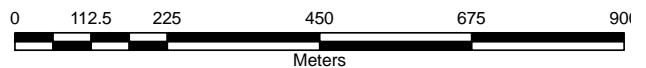
Draft

Milestone 005-001-12 Velodrome

Schedule F – Site Map – proposed Velodrome location



Proposed Velodrome Site



Milestone 005-001-12 Velodrome

Schedule G – Public Input

Milestone 005-001-12
 Schedule G – Public Input Summary

The following is a summary of comments submitted by the general public on the proposed Milton Velodrome. The comments were received through the Town’s website and phone system up until January 18th, 2012

- Total responses = 161
 - Supportive = 43
 - Undecided = 22
 - Against = 96

The following chart details messages that were commonly repeated in the submissions and a staff response where applicable:

Common Messages from Public	Staff Response (where applicable)
Look forward to seeing the business plan to make a decision	The business plan will be available by January 26 th at www.milton.ca
This facility will only be utilized by elite cyclists	Feedback from over 40 cycling groups and 100 individuals indicated that the Velodrome would be used by both recreational and competitive cyclists. The London Ont. Velodrome indicates the facility is used by beginners and many youth.
Positive economic impact to local business through tourism	
Velodrome is not a good idea	
Milton’s geography is great for road cyclists and mountain bikers and a Velodrome synergizes nicely with those	
Money should be used for the hospital expansion	The \$3.8m Town portion of the capital costs is re-allocated Development Charge (DC’s) funds that must be used for providing recreation facilities to the community. Recreation DC’s are not permitted for use towards health care.
Would put Milton on the map as a cycling centre.	
The facility will be used by a majority of non-residents	
Road cyclists will use the Velodrome in the colder months.	
Money should be used to build a much needed indoor soccer facility	The Town is currently engaged in an Indoor Turf Study and funds are allocated in the 2013 Capital Budget forecast for a facility.
Who will pay the Laurier share of the capital costs if they don’t get approved?	The report to Council will detail a sustainability strategy should Laurier not be approved. The report will be available on www.milton.ca by January 26 th .
Encouraged to see the facility will cater to many uses and not only cycling.	
On-going operating costs are of major concern	The business plan will be available by January 26 th

and will cost the taxpayer	at www.milton.ca
Money should be used for roads	The \$3.8m Town portion of the capital costs is re-allocated Development Charge (DC's) funds that must be used for providing recreation facilities to the community. Recreation DC's are not permitted for use towards road infrastructure.
Support the project with the private money involved but concerned it is not guaranteed	Legal Agreements are being prepared that outline payment schedule.
Would like more information on the financials before deciding	The business plan will be available by January 26 th at www.milton.ca
If there is no cost to the taxpayers of Milton I would support	The business plan will be available by January 26 th at www.milton.ca
Would like to be assured that the facility will have a minimal impact on taxes	The business plan will be available by January 26 th at www.milton.ca
Would like to learn more about the use of the facility after the Pan Am Games?	The business plan will be available by January 26 th at www.milton.ca
What other uses will the facility have?	The infield will consist of a wood sprung floor system that will be used for many types of activities including basketball, volleyball, badminton, trade shows, concerts and more. Other areas in the building will house a fitness centre, studio and meeting rooms.
Will this stop an indoor turf facility from being built soon?	The Town is currently engaged in an Indoor Turf Study and funds are allocated in the 2013 Capital Budget forecast for a facility.
Great idea to have a walking/jogging track	Milton Sports Centre track has over 2500 members and had over 60,000 laps completed in December
Council should vote no to the Velodrome	
Waste of tax dollars	
Great opportunity for the Town	
Safe place for people to enjoy riding a bike	
Money should be used for affordable housing	The \$3.8m Town portion of the capital costs is re-allocated Development Charge (DC's) funds that must be used for providing recreation facilities to the community. Recreation DC's are not permitted for use towards social services.
Many other communities said no to the Velodrome for good reason	
The Montreal Velodrome is an example of why this will not work in Canada	
The re-allocated Development Charge money should be used for other recreational facilities	
Since the Laurier campus has not been approved Council should vote no	The report to Council will detail a sustainability strategy should Laurier not be approved. The report will be available on www.milton.ca by January 26 th .

Milestone 005-001-12 Velodrome

Schedule H – Cycling Input

Milestone 005-001-12 Schedule H – Cycling List Summary

The following is a list of the 49 cycling groups that were represented at the cycling stakeholder session hosted on January 10, 2012 at the Milton Sports Centre:

Newmarket Eagles Cycling	Focuscycle Coaching
Milton Track 2000/Milton BMX	Ollies Cycle
People on Bikes	Hamilton Cycling Club
Waterloo Cycling Club	OCC
Canadian Cycle Association	Les Domestiques
Forest City Velodrome	La Bresceletta
Watts Up Cycling	Midweek CC
Cyclepath Oakville	CHCH Nech
Cycling Centre	Ride Milton
Oakville Cycling Club	Canadian Cyclist
Brampton Cycling Club	Madonna Wheelers
Velocity Cycle and Ski	Canadian Cycle/Exercise Science
St. Catherines C.C.	Sportsflex
Team Race	Ontario Cycle
MCAC	Halton Cycling
MTB Cambrium/Toronto Cycle	CRTV
Chain Reaction C.C.	Piste
Team Wescam	Racer Sport
Triathlon Club of Burlington	Canadian Cycling Association
Kurzawinski Coach	MERC
Campbellville Cycling Club	MGCC
MBRC	Aquila Cycling
OCA College of Commissaires	

Numerous other attendees were at the meeting as individuals with no group affiliation. In total, over 160 people attended the two sessions.

Milestone 005-001-12 Velodrome

Schedule I – Letter Re: Legacy Fund – Sport Canada



Sport Canada
15 Eddy Street , 16th Floor
Gatineau, QC
K1A 0M5

JAN 24 2012

Mr. Ian Troop
Chief Executive Officer
Toronto 2015 Pan Am and Parapan Am Games
Corus Quay, 25 Dockside Drive, 7th Floor
Toronto, ON
M5A 0B5

Dear Mr. Troop:

A permanent velodrome is indeed a strategic priority for Sport Canada. It is expected that the velodrome will:

- Be built on time and on budget;
- Be used for the 2015 Pan and Parapan American Games; and
- Leave a high performance sport legacy.

The contribution of the Government of Canada towards the building of this facility represents 56% (\$22.4M) of the overall cost presently estimated at \$40M.

As for the use of the funds associated with the legacy, the Multiparty Agreement (MPA) states that the legacy plan will stipulate how the legacy fund will be used and that plan needs to be approved by all MPA parties (section 33.1). Sport Canada has indeed an interest in ensuring that facilities (particularly those identified in the MPA, such as the velodrome) that have a high performance sport programming post-2015 have access to the legacy fund.



Elaine Harvey
Director, Hosting Program



Milestone 005-001-12 Velodrome

Schedule J – Letter – Fund Raising Commitment – Les
Domestiques



January 25, 2012

Jennifer Reynolds
Director, Community Services
Community Services Department
Town of Milton

Dear Ms. Reynolds,

We, Les Domestiques are committed and honoured to be assisting the Town of Milton in raising \$4.2M towards capital costs of the Pan Am 2015 Velodrome. These fundraising efforts will target both the public and corporate community and will also include in kind donations.

Respectfully,

A handwritten signature in blue ink, appearing to read "Tim Hockey".

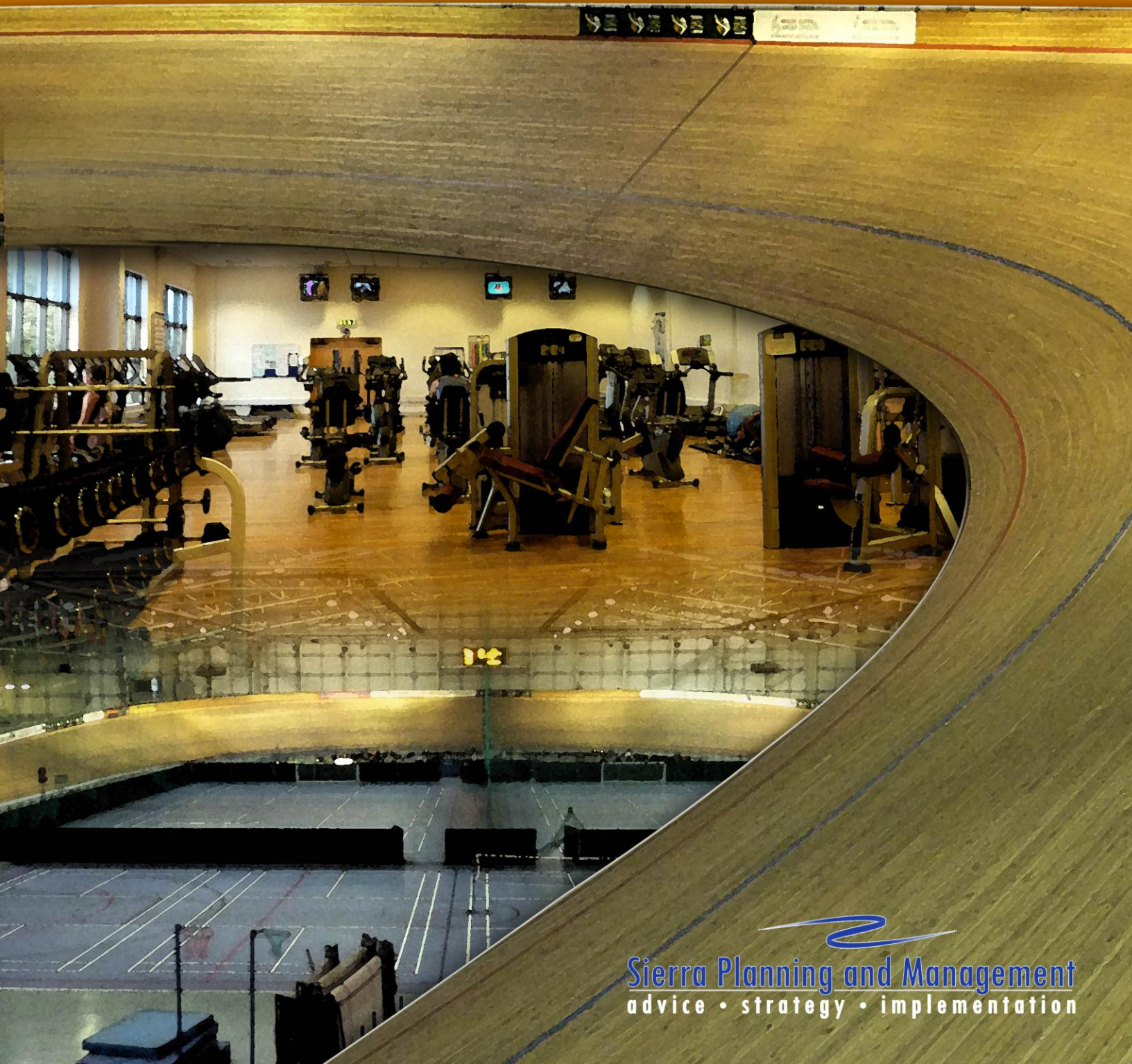
Tim Hockey
President
Les Domestiques

SIERRA PLANNING AND MANAGEMENT

"Schedule A" to Milestone Report
005-001-12

VELODROME BUSINESS PLAN TOWN OF MILTON

JANUARY
2012




Sierra Planning and Management
advice • strategy • implementation

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EXECUTIVE SUMMARY

In December 2011, Toronto 2015 Pan/Parapan Am Games Organizing Committee (TO2015) announced that the Town of Milton was the selected site for the Velodrome contingent upon the Town signing a binding agreement in late January 2012. The signing of a binding agreement by the Milton Town Council is conditional on a due diligence process that includes a business plan.

The business plan seeks to understand the viability of sustained usage of the Velodrome beyond the term of the Pan Am Games. Specifically, the objectives of the business plan are to:

- Through a due diligence process, develop a viable operating rationale and legacy plan including the development of projections of annual revenue and expenses;
- Recommend appropriate facility management and/or operating model;
- Address the capital cost question and functional programming needs (including any special facility needs that should be incorporated into the design);
- Report to Council on the risks associated with the project and range of opportunities that its development may enable.

PRINCIPLES OF LEGACY

The business case is predicated on two important principles of legacy:

1. The Velodrome operates as the Canadian National Cycling Centre, with a core mandate to promote competitive success of Canadian athletes, development and training, and hosting of international events; and
2. Operating as a community cycling facility – with a mandate to meet a range of expectations from cycling groups in the community, as well as users of the infield for non-track sports and community/corporate events. As a community legacy facility, the venue will be expected to offer facilities and programs which speak directly to Town policies in regard to the promotion of health and wellness, sport, recreation and leisure

To achieve the former, the design of the facility is crucial with respect to hosting capacity and functional space. To achieve the latter, aiding community access to the velodrome as a 'Cycling First' facility and the effective creation of the site as a multi-use venue enabling the use of the infield and other spaces for a wide range of activities is essential. As such, in assessing the most effective use and program potential of the velodrome, the consultant team conducted stakeholder consultations in early January and gathered input from 24 cycling groups and six non-cycling groups through a survey method. Key informant interviews were also conducted with four primary stakeholders – Canadian Cycling Association (CCA), Ontario Cycling Association (OCA), National Cycling Centre Hamilton (NCCH), and Forest City Velodrome.

The Legacy Fund pursuant to the Multi-Party Agreement (MPA) represents an important source of funding to sustain those facilities which, after the games, offer the potential to become centers of sporting excellence and elite development and training.

The Velodrome, by virtue of its status as the only such facility in Canada, and one of two in Canada and the US, will fulfill this mandate.

Accordingly the business is predicated in part on the achievement of this funding. The amount of annual funding required should reflect not only the outcome of the business plan exercise but the role of the velodrome in meeting the legacy aims of the games relative to the other candidate venues.

The ongoing exercise to scope capital costs and functional plan for the velodrome will impact the potential legacy fund requirements.

POTENTIAL PARTNERSHIPS

The potential for the University to form a partnership for the town of Milton to operate the facility is more likely to occur if a more significant capital expenditure on the part of the University occurs to enable the development of a full athletics and recreation centre. Based on what we know at present, it is more likely that the University would represent a potential synergistic user of the facility rather than act as an operating partner.

The presence of the university either immediately or some point during the initial few years of operating the velodrome will enhance the appeal of the velodrome site as a true campus or precinct of institutional uses. The velodrome itself, by virtue its iconic status as the only indoor facility of its type in Eastern North America, will create reputational benefits for the Town of Milton that translate into quantifiable economic benefits. The University can be expected to benefit from this both in its marketing efforts to attract students to the University and programming that can be undertaken. Indeed, over time the opportunity exists to program within the velodrome as part of academic instructional courses. There are therefore a number of obvious synergistic benefits for both the Town and the University by co-locating, which are over and above the benefits associated with shared services and utilities infrastructure.

PROSPECTIVE MANAGEMENT APPROACH

The velodrome is anticipated to be managed by a non-profit corporation with the asset owned by the Town of Milton. The following principles of management recruitment and operation are important to the success of the facility in operational terms:

- Recruit management staff with prior experience in operating a velodrome – this may include a flexible contract provision and expenses involved in relocation of the successful individual;
- Recruitment of track managers with high level of prior experience in working with national cycling bodies and the accommodation of elite training and competition needs; and
- Be willing to operate the facility as a National Cycling Centre and not a generic multi-use facility whereby track and infield are given equal weight and management expertise is limited in the development of the core function of the building.

The importance of the achievement of an effective management organization and governance structure cannot be overstated in terms of its impact on the ability of the facility to maximize revenues, achieve its potential for international event hosting, and satisfy the needs of local users.

FUNCTIONAL SPACE PROGRAMMING

The Town of Milton along with consulting team members are currently working with Toronto2015 and Infrastructure Ontario and their retained project design consultant (PDC), B&H Architects, to address the need for greater specification the functional program to meet the needs of the Town of Milton and the potential users of the facility from the local community. The resulting statement of functional program will be subject to further capital cost estimates by Infrastructure Ontario and the results would be made known to the Town of Milton upon receipt of these estimates. It is likely, that a process of iteration will be required to achieve an appropriate balance between those functional spaces that are essential, those which are desired but not mandatory, and other opportunities as measured against the incremental capital costs associated with each item.

INDICATIVE FINANCIAL ANALYSIS OF FACILITY REVENUES AND EXPENSES

The assessment of indicative financial performance of the velodrome is based on the following framework:

Option A: Community Legacy Facility	Option B: Community Legacy with Laurier University
Scenario 1: Lower revenue potential, higher operating costs	Scenario 1: Lower revenue potential, higher operating costs
Scenario 2: Moderate revenue base	Scenario 2: Moderate revenue base
Scenario 3: Higher revenue potential	Scenario 3: Higher revenue potential

Town of Milton Velodrome Business Plan - Community Legacy Stream

Financial Feasibility Analysis

3 Year Operating Revenue/Cost Projections

Assumes Year 1 @ 85%, ramp-up to 100% in Year 2 and then Normalised Revenues/Costs

	Year 1			Year 2			Year 3		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Revenue									
Track Cycling Program									
Training -Elite and Development	\$119,272	\$137,292	\$153,136	\$140,320	\$161,520	\$180,160	\$144,530	\$166,366	\$185,565
School and Other Day-Time Use (corporate)	\$43,520	\$52,224	\$56,576	\$51,200	\$61,440	\$66,560	\$52,736	\$63,283	\$68,557
Membership Cycling Access	\$150,926	\$157,658	\$163,846	\$177,560	\$185,480	\$192,760	\$182,887	\$191,044	\$198,543
Club Track Rental	\$50,473	\$59,262	\$68,051	\$59,380	\$69,720	\$80,060	\$61,161	\$71,812	\$82,462
General Public Drop-ins	\$14,238	\$14,238	\$14,238	\$16,750	\$16,750	\$16,750	\$17,253	\$17,253	\$17,253
Instruction Programs	\$43,988	\$43,988	\$43,988	\$51,750	\$51,750	\$51,750	\$53,303	\$53,303	\$53,303
Major Spectator Events	\$28,050	\$84,163	\$128,686	\$33,000	\$99,015	\$151,395	\$33,990	\$101,985	\$155,937
Total Track Cycling Program	\$450,466	\$548,824	\$628,520	\$529,960	\$645,675	\$739,435	\$545,859	\$665,045	\$761,618
In-Field and Other Facility Uses									
In-Field Rentals	\$126,516	\$143,385	\$151,820	\$148,843	\$168,689	\$178,611	\$153,308	\$173,749	\$183,970
Fitness Centre	\$18,700	\$173,044	\$177,740	\$22,000	\$203,581	\$209,106	\$22,660	\$209,688	\$215,379
Spin, Fitness and Other City Programs	\$57,256	\$64,413	\$64,413	\$67,360	\$75,780	\$75,780	\$69,381	\$78,053	\$78,053
Meeting Room Rentals	\$17,340	\$17,340	\$17,340	\$20,400	\$20,400	\$20,400	\$21,012	\$21,012	\$21,012
Total In-Field and Other Facility Use	\$219,812	\$398,182	\$411,313	\$258,603	\$468,450	\$483,897	\$266,361	\$482,503	\$498,414
Ancillary Revenues									
Event Concession and Vending Revenue	\$70,980	\$36,466	\$39,152	\$83,505	\$42,902	\$46,061	\$86,011	\$44,189	\$47,443
Commercial and Other Lease	\$26,775	\$34,850	\$51,000	\$31,500	\$41,000	\$60,000	\$32,445	\$42,230	\$61,800
Advertising	\$30,600	\$40,800	\$40,800	\$36,000	\$48,000	\$48,000	\$37,080	\$49,440	\$49,440
Corporate Marketing Events	\$27,200	\$27,200	\$27,200	\$32,000	\$32,000	\$32,000	\$32,960	\$32,960	\$32,960
Tenant Lease	\$7,650	\$25,500	\$38,250	\$9,000	\$30,000	\$45,000	\$9,270	\$30,900	\$46,350
Total Ancillary Revenues	\$163,205	\$164,816	\$196,402	\$192,005	\$193,902	\$231,061	\$197,766	\$199,719	\$237,993
Total Revenue	\$833,483	\$1,111,822	\$1,236,235	\$980,568	\$1,308,026	\$1,454,394	\$1,009,985	\$1,347,267	\$1,498,026
Direct Expenses (cost of sales incl. ticketing service)	(\$53,235)	(\$23,703)	(\$25,449)	(\$62,629)	(\$27,886)	(\$29,940)	(\$64,508)	(\$28,723)	(\$30,838)
Gross Margin	\$780,248	\$1,088,119	\$1,210,786	\$917,939	\$1,280,140	\$1,424,454	\$945,477	\$1,318,544	\$1,467,188
Expenses									
Payroll (Labour)	(\$642,805)	(\$690,218)	(\$690,218)	(\$642,805)	(\$690,218)	(\$690,218)	(\$662,089)	(\$710,925)	(\$710,925)
Utilities	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$432,600)	(\$432,600)	(\$432,600)
Other Operating Costs									
Administration	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,600)	(\$20,600)	(\$20,600)
Bike Rental Maintenance Contract	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,450)	(\$15,450)	(\$15,450)
Repair and Maintenance	(\$49,028)	(\$65,401)	(\$72,720)	(\$49,028)	(\$65,401)	(\$72,720)	(\$50,499)	(\$67,363)	(\$74,901)
Janitorial Contract and Supplies	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$70,452)	(\$70,452)	(\$70,452)
Grounds Maintenance and Snow Removal	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$23,175)	(\$23,175)	(\$23,175)
Waste Management	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,300)	(\$10,300)	(\$10,300)
Marketing	(\$33,600)	(\$34,800)	(\$34,800)	(\$33,600)	(\$34,800)	(\$34,800)	(\$34,608)	(\$35,844)	(\$35,844)
Insurance	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$51,500)	(\$51,500)	(\$51,500)
Realty Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses (Excl. Debt and Capital Reserve)	(\$1,331,334)	(\$1,396,320)	(\$1,403,638)	(\$1,331,334)	(\$1,396,320)	(\$1,403,638)	(\$1,371,274)	(\$1,438,209)	(\$1,445,747)

Town of Milton Velodrome Business Plan - Community Legacy Stream**Financial Feasibility Analysis****3 Year Operating Revenue/Cost Projections**

Assumes Year 1 @ 85%, ramp-up to 100% in Year 2 and then Normalised Revenues/Costs

	Year 1			Year 2			Year 3		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Net Income (NOI) Before Capital Reserve	(\$551,085)	(\$308,200)	(\$192,852)	(\$413,394)	(\$116,179)	\$20,816	(\$425,796)	(\$119,665)	\$21,440
Capital Reserve	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
NOI after Capital Reserve	(\$801,085)	(\$558,200)	(\$442,852)	(\$663,394)	(\$366,179)	(\$229,184)	(\$675,796)	(\$369,665)	(\$228,560)
Legacy Fund required	\$801,085	\$558,200	\$442,852	\$663,394	\$366,179	\$229,184	\$675,796	\$369,665	\$228,560
NOI after Legacy Fund required	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The results of the analysis include the assumption that normalised operations are achieved in Year 2. In year 1, there is a limit on the achievement of potential revenues owing to the requirement for management to increase efficiency, learn on the job, develop and refine the marketing of the facility and work to resolve scheduling conflicts between the track and the in-field. To reflect this eventuality, revenues in year 1 are discounted by 15%, while 100% of facility expenses are maintained.

Scenario 1, as a worst case scenario is unlikely to be realized. Part of the reason for its relative highly deficits is not only reduced revenues from track, but also the leasing of fitness space to a tenant-operator rather than engaging in the operation of the fitness centre itself. Given the Town is in the business of operating fitness centres, and scenarios 2 and 3 assume this, the gap between the worst case scenario 1 and scenarios 2 and 3 can be reduced by operating the fitness centre in scenario 1.

Scenario 2 represents the most likely financial performance scenario and is based on moderate assumptions with regard to both the revenues achieved from track and infield, but also with regard to track compatibility issues, revenues from events, and providing food concession operations to the private sector. In addition, labour costs in particular are raised to reflect the need for specialist employment skills associated with the Velodrome.

Scenario 2 also reflects a modest approach to the amount of leasable tenant and retail space that can be achieved within the existing building envelope. Scenario 2 returns a deficit in year 2 of \$116,000.

Scenario 3 mirrors Scenario 2 with the exception that it reflects the impacts of incremental improvements in track revenue arising from a moderate increase in achievable track rental rate, moderately higher share of gate revenues from events, and lower conflict between uses in the building.

Town of Milton Velodrome Business Plan - Community Legacy Stream including Laurier

Financial Feasibility Analysis

3 Year Operating Revenue/Cost Projections

Assumes Year 1 @ 85%, ramp-up to 100% in Year 2 and then Normalised Revenues/Costs

	Year 1			Year 2			Year 3		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Revenue									
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Membership Cycling Access	\$150,926	\$157,658	\$163,846	\$177,560	\$185,480	\$192,760	\$182,887	\$191,044	\$198,543
Club Track Rental	\$50,473	\$59,262	\$68,051	\$59,380	\$69,720	\$80,060	\$61,161	\$71,812	\$82,462
General Public Drop-ins	\$14,238	\$14,238	\$14,238	\$16,750	\$16,750	\$16,750	\$17,253	\$17,253	\$17,253
Instruction Programs	\$43,988	\$43,988	\$43,988	\$51,750	\$51,750	\$51,750	\$53,303	\$53,303	\$53,303
Major Spectator Events	\$28,050	\$84,163	\$128,686	\$33,000	\$99,015	\$151,395	\$33,990	\$101,985	\$155,937
Total Track Cycling Program	\$450,466	\$548,824	\$628,520	\$529,960	\$645,675	\$739,435	\$545,859	\$665,045	\$761,618
In-Field and Other Facility Uses									
In-Field Rentals	\$150,212	\$170,240	\$180,255	\$176,720	\$200,283	\$212,064	\$182,022	\$206,291	\$218,426
Fitness Centre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Spin, Fitness and Other City Programs	\$57,256	\$64,413	\$64,413	\$67,360	\$75,780	\$75,780	\$69,381	\$78,053	\$78,053
Meeting Room Rentals	\$28,900	\$28,900	\$28,900	\$34,000	\$34,000	\$34,000	\$35,020	\$35,020	\$35,020
Total In-Field and Other Facility Use	\$236,368	\$263,553	\$273,568	\$278,080	\$310,063	\$321,844	\$286,423	\$319,365	\$331,499
Ancillary Revenues									
Event Concession and Vending Revenue	\$73,723	\$38,021	\$41,210	\$86,733	\$44,731	\$48,482	\$89,335	\$46,073	\$49,937
Commercial and Other Lease	\$51,000	\$51,000	\$51,000	\$60,000	\$60,000	\$60,000	\$61,800	\$61,800	\$61,800
Advertising	\$30,600	\$40,800	\$40,800	\$36,000	\$48,000	\$48,000	\$37,080	\$49,440	\$49,440
Corporate Marketing Events	\$37,400	\$37,400	\$37,400	\$44,000	\$44,000	\$44,000	\$45,320	\$45,320	\$45,320
Tenant Lease	\$19,125	\$19,125	\$19,125	\$22,500	\$22,500	\$22,500	\$23,175	\$23,175	\$23,175
Total Ancillary Revenues	\$211,848	\$186,346	\$189,535	\$249,233	\$219,231	\$222,982	\$256,710	\$225,808	\$229,672
Total Revenue	\$898,682	\$998,723	\$1,091,622	\$1,057,274	\$1,174,969	\$1,284,262	\$1,088,992	\$1,210,218	\$1,322,789
Direct Expenses (cost of sales incl. ticketing service)	(\$55,293)	(\$24,714)	(\$26,787)	(\$65,050)	(\$29,075)	(\$31,514)	(\$67,002)	(\$29,947)	(\$32,459)
Gross Margin	\$843,390	\$974,010	\$1,064,836	\$992,223	\$1,145,894	\$1,252,748	\$1,021,990	\$1,180,270	\$1,290,330
Expenses									
Payroll (Labour)	(\$642,805)	(\$607,106)	(\$607,106)	(\$642,805)	(\$607,106)	(\$607,106)	(\$662,089)	(\$625,319)	(\$625,319)
Utilities	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$432,600)	(\$432,600)	(\$432,600)
Other Operating Costs									
Administration	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,600)	(\$20,600)	(\$20,600)
Bike Rental Maintenance Contract	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,450)	(\$15,450)	(\$15,450)
Repair and Maintenance	(\$52,864)	(\$58,748)	(\$64,213)	(\$52,864)	(\$58,748)	(\$64,213)	(\$54,450)	(\$60,511)	(\$66,139)
Janitorial Contract and Supplies	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$70,452)	(\$70,452)	(\$70,452)
Grounds Maintenance and Snow Removal	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$23,175)	(\$23,175)	(\$23,175)
Waste Management	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,300)	(\$10,300)	(\$10,300)
Marketing	(\$33,600)	(\$34,800)	(\$34,800)	(\$33,600)	(\$34,800)	(\$34,800)	(\$34,608)	(\$35,844)	(\$35,844)
Insurance	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$51,500)	(\$51,500)	(\$51,500)
Realty Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses (Excl. Debt and Capital Reserve)	(\$1,335,169)	(\$1,306,554)	(\$1,312,019)	(\$1,335,169)	(\$1,306,554)	(\$1,312,019)	(\$1,375,224)	(\$1,345,751)	(\$1,351,379)

Town of Milton Velodrome Business Plan - Community Legacy Stream including Laurier

Financial Feasibility Analysis

3 Year Operating Revenue/Cost Projections

Assumes Year 1 @ 85%, ramp-up to 100% in Year 2 and then Normalised Revenues/Costs

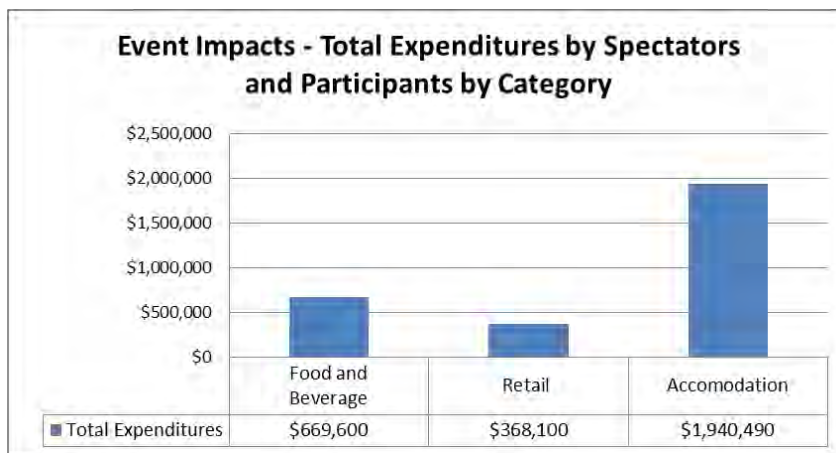
	Year 1			Year 2			Year 3		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Net Income (NOI) Before Capital Reserve	(\$491,779)	(\$332,545)	(\$247,183)	(\$342,945)	(\$160,661)	(\$59,271)	(\$353,234)	(\$165,480)	(\$61,049)
Capital Reserve	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
NOI after Capital Reserve	(\$741,779)	(\$582,545)	(\$497,183)	(\$592,945)	(\$410,661)	(\$309,271)	(\$603,234)	(\$415,480)	(\$311,049)
Legacy Fund required	\$741,779	\$582,545	\$497,183	\$592,945	\$410,661	\$309,271	\$603,234	\$415,480	\$311,049
NOI after Legacy Fund required	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

RECOMMENDED SCENARIO

It is recommended that the Town of Milton pursue the development of the Velodrome and confirmation of its functional program and capital cost budget on the basis of the financial projections contained in Scenario2.

POTENTIAL ECONOMIC IMPACTS FROM CYCLING EVENTS

Total event impacts from both spectators and participants are estimated to be in the range of \$2.9 million annually.



1 INTRODUCTION AND PURPOSE

In December 2011, Toronto 2015 Pan/Parapan Am Games Organizing Committee (TO2015) announced that the Town of Milton was the selected site for the Velodrome contingent upon the Town signing a binding agreement in late January 2012. The signing of a binding agreement by the Milton Town Council is conditional on a due diligence process that includes a business plan.

To that end, Sierra Planning & Management was contracted by the Town of Milton to undertake a business planning exercise for a Velodrome facility to be built in Milton for use during the Pan Am Games in 2015.

The business plan seeks to understand the viability of sustained usage of the Velodrome beyond the term of the Pan Am Games. Specifically, the objectives of the business plan are to:

- Through a due diligence process, develop a viable operating rationale and legacy plan including the development of projections of annual revenue and expenses;
- Recommend appropriate facility management and/or operating model;
- Address the capital cost question and functional programming needs (including any special facility needs that should be incorporated into the design);
- Report to Council on the risks associated with the project and range of opportunities that its development may enable.

Important to any business plan for a recreational facility of this sort is a detailed understanding of similar projects past – existing and planned. A summary of case study research is included in Appendix B.

In order to gain a better understanding of the utilization and program potential of the velodrome, the consultant team also conducted stakeholder consultations in early January and collected input from 24 cycling groups and six non-cycling groups through a survey method. Key informant interviews were also conducted with four primary stakeholders – Canadian Cycling Association (CCA), Ontario Cycling Association (OCA), National Cycling Centre Hamilton (NCCH), and Forest City Velodrome. Additionally, two public sessions were hosted by the Town of Milton on January 10, 2012, which attracted a broad range of potential users from various parts of Ontario with roughly 140 persons attending the information sessions. Potential users of the facility were also invited to provide input on future programming opportunities and usage through the completion of an individual user questionnaire.

All of the feedback was integral in informing the business planning process, and a full summary on the consultation process and methodology can be found in Appendix C. In addition to intelligence gathered from the Southern Ontario market place, an understanding of development options, locational attributes, facilities and amenities associated with velodromes around the World was critical. With Milton poised to host only the second UCI sanctioned Velodrome in North America, the experience of other velodromes – their design, operation and legacy – should directly inform not only the current due diligence process but also the on-going planning for the delivery and operation of the building.

1.1 LIMITATIONS OF THE ANALYSIS

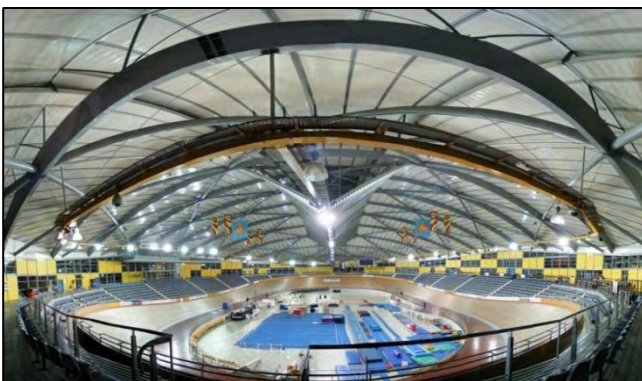
For the assignment which follows, Sierra Planning and Management relied on a range of information sources, including secondary source data prepared by the Town of Milton, reports, plans and information provided by the Town of Milton and TO2015, data from Statistics Canada, the Canadian Cycling Association, the Ontario Cycling Association, the Union Cycliste Internationale (UCI) and others. While Sierra has attempted to verify all secondary data, we make no representation as to the accuracy or completeness of the information received.

The content of this report is based therefore on the consultant team's knowledge of the project, information available and mitigating circumstances at the time of writing. Any use of this report by a third party is entirely at its own risk.

1.2 PROJECT DESCRIPTION

The business plan which follows speaks to the economic viability of a permanent velodrome facility, and the following assumptions about the velodrome specifications include:

- An international standard (UCI) 250 metre indoor cycling track;
- Games spectator permanent seating for 1,500 people and temporary seating for 750 people;
- Year round use;
- An infield space for non-cycling sports, jogging track and ancillary facilities including programmable recreation and classroom space, as well as tenant leasehold space; and,
- A quality and level of fit up and overall building amenity that ensure the homologation of the facility as at least a Category II facility and a preferred Category I status. In order to achieve Category I status, we understand that matters pertaining to the presence of columns supporting the roof (and the ideal design which excluded columns) and the maximum seat count are being addressed by TO-2015. The timing for reporting on these items is beyond the reporting timeframe of this report.



Velodrome in Sydney, Australia



Velodrome in Los Angeles, US

1.3 BUILDING SPECIFICATIONS



Velodrome in Newport, UK



Velodrome in Manchester, UK

A velodrome is defined as an arena for track cycling. The majority of velodromes today feature oval tracks which are steeply banked, consisting of two 180-degree circular bends connected by two straights. The straights transition to the circular turn through a moderate easement curve. Velodromes may be constructed as indoor or outdoor facilities.

Union Cycliste Internationale (UCI) is a cycling association that oversees competitive cycling events internationally. It is the world governing body for jurisdiction in the sport of cycling. Track events included on the UCI International calendar must be held at a UCI-homologated (accredited) velodrome. A velodrome may not be homologated by the UCI unless it meets specific criteria with regard to track geometry, markings, equipment, and accommodation for officials.

According to UCI, velodromes are classified into four categories at the time of their homologation, based on the technical quality of the track and installations. The category determines the level of competition which can be organized in the velodrome. The levels of hosted events and range of track categories are described in the table below.

Exhibit 1: Homologation Track Categories

Track Category	Homologation	Level of Events
1	UCI	Elite World Championships Olympic Games
2	UCI	World Cups Continental Championships Junior World Championships
3	UCI	Other International Events
4	National Federation	National Events

Category 1 and 2 tracks must meet the following criteria (calculated for maximum safe speeds in the range 85 km/h up to 110 km/h):

Exhibit 2: Criteria for UCI Track 1 and Track 2

Length of Track	250 m	285.714 m	333.33 m	400 m
Radius of bends	19–25 m	22–28 m	25–35 m	28–50 m
Width	7–8 m	7–8 m	7–9 m	7–10 m
Source: UCI Cycling Regulations				

The Milton Velodrome is anticipated to meet the criteria of a Category 1 track per the UCI regulations.

1.4 CYCLING: NATIONAL AND PROVINCIAL TRENDS

While Canadians are becoming more active, choices for physical activity have become more diversified. Cycling in Canada is a popular leisure activity as well as mode of transportation, with one in five Canadians participating. According to Statistics Canada’s 2005 Canadian Community Health Survey (the latest available report released in 2008), cycling is the fifth most popular physical activity in Canada. Approximately 460,000 Canadians participated in cycling activities, and of these, about 6.3% are considered to be active participants (differentiated and defined as those who partake in organized sporting events). Another indication of the popularity of the sport is the scale of bike ownership. The Bicycle Trade Association of Canada reported that approximately 357,591 new bicycles were purchased in 2010, with unit sales amounting to just over \$250 million. This is a significant increase to the 300,000 bicycles that were sold in Canada in the previous year.

A very large proportion of cycling (for leisure and for commuting) is completely unstructured and individual in nature. Local cycling clubs (with membership ties to Provincial associations) represent the first level of organization for the sport. These local clubs offer programming in recreational cycling as well as venturing into the competitive realm locally. Provincial, National and International organizations are involved in structuring the high performance spectrum of cycling training and competition.

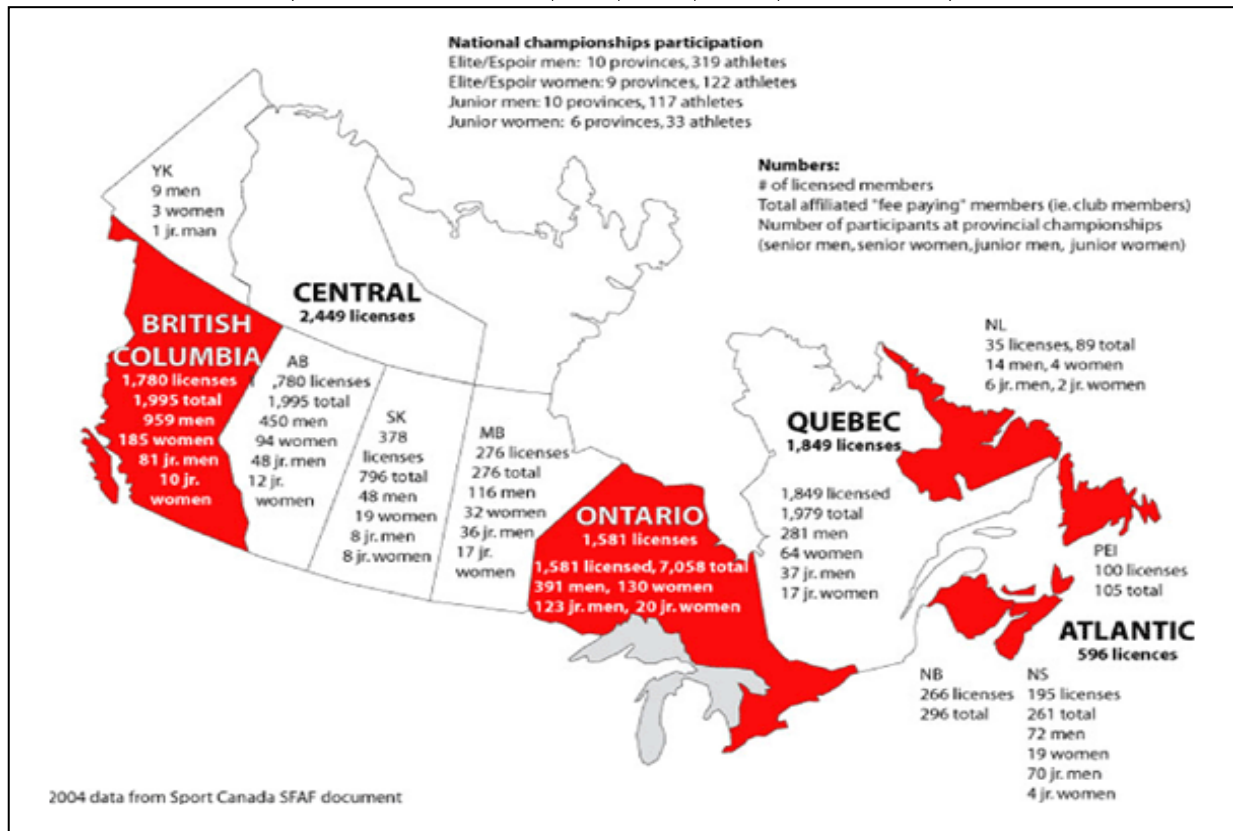
While frequently referred to as a single sport, cycling has several sub-disciplines, which include:

- Road
- Mountain Biking
- BMX
- Cyclo-cross
- Track
- Paracycling

Track cycling is relevant to all cyclists as a form of cross-training (similarly, track athletes cross-train via road cycling and participating in other cycling disciplines); particularly because of the opportunity it provides for all-season conditioning (assuming use of an indoor facility).

Exhibit 3: Cycling Competition Participation in Canada, 2004

(Most recent National Championship Participation figures are available)



In 2004, the most recent year for which National Championship Participation figures are available, British Columbia had the highest number of men and women engaged in national cycling competitions. It should be noted that Ontario had the highest number of competitive junior men and women engaged in national competition. Junior competitors were numbered at 123 men and 20 women.

In Ontario, 391 men participated in provincial championship, with 130 women participating in these same events (see the Exhibit 3 above).

1.4.1 STRUCTURE OF CYCLING AND TRACK CYCLING IN CANADA

The following chart summarizes the structure of cycling as well as the athlete development ladder, from the individual recreational cyclist to the member of the National Team:

Exhibit 4: Summary of Structure of Cycling in Canada

Activity	Competitions	Responsibility
Individual Rider	Weeknight races	Clubs/Local Organizers
Club programs (e.g. Learn to Race; Grass roots events, high school events; Can-Bike Programs; SprocKids)	Weeknight races	Clubs/Local Organizers
Clubs, Provincial Trade Teams	Ontario Cups, Regional races	Clubs/Local Organizers
OCA Athlete Development Camps, Athlete Coaching Support	Ontario Cups, Regional races	Ontario Cycling Association
OCA Projects, Provincial Team, High Performance Training Group	Canada Cups, National events	Ontario Cycling Association
National Team, Trade Teams	Competitions and coaching; Olympic Games; World Cups; Canada cups; international events	Canadian Cycling Association

Source: Adapted from Ontario Cycling Association

Local Cycling Clubs

As noted above, local cycling clubs are the key means of engagement of individual cyclists with the sport. These clubs are largely non-profit, volunteer-run entities which provide programming for youth, adults and seniors. Each club has a particular geographic focus and may specialize in one or more cycling disciplines (mountain biking, track, BMX, road, touring, etc.). They may also be comprised of mostly recreational cyclists or have members and coaching programs oriented toward more competitive or advanced cyclists.

Local cycling clubs are usually affiliated with a provincial association and may also be members of other cycling authorities. These affiliations allow the clubs to issue insurance to their members and provide a means of networking and exchanging with like-minded groups and individuals. In Ontario, there are currently few local cycling clubs focused exclusively on track cycling, however several do include track cycling as part of their stated areas of interest and programming (see Appendix C for more information).

Provincial Associations

These associations function as governing bodies (non-profit and volunteer directed) for the sport of cycling within the various provinces and territories in Canada. These entities exist to support all cyclists, regardless of age, ability, discipline, and regardless of their interest in recreational or competitive cycling. The table below describes each Provincial Association with a break-down of membership numbers (as of 2008)

Exhibit 5: Provincial Association Membership Numbers

Cycling Association	Athlete Competitors	Total Members (incl. coaches, officials, and club)
Cycling BC	1,425	6,738
Alberta Bicycle Association	1,581	4,623
Saskatchewan Cycling Association	224	848
Manitoba Cycling Association	497	716
Ontario Cycling Association	1,996	11,640
Fédération québécoise des sports cyclistes	4,192	8,382
Velo NB	100	153
Bicycle Nova Scotia	217	755
Cycling PEI	107	243
Bicycle Newfoundland and Labrador	105	213
Cycling Association of Yukon	18	140

Source: Adapted From Canadian Cycling Association data on National Sport Organization Memberships as listed in Sport Canada's 2008 Sport Funding Accountability Framework report.

Each of the following associations deal with all cycling disciplines including track cycling:

Canadian Cycling Association (CCA)

The CCA is focused on the high performance cycling and supports the national cycling team; preparing Canadian athletes for international events. The CCA is recognized by the international cycling authority and serves as national liaison to the International Cycling Union (UCI).

National Cycling Centres in Canada

The network of National Cycling Centres in Canada is a key initiative of the Canadian Cycling Association. The main objective of the National Cycling Centre system is to ensure support for athletes throughout their professional development from initiation to cycling (at the club level) to the elite national team, by ensuring high quality services to athletes and provision of professional coaching assistance to athletes in provinces where there are fewer resources.

There are two kinds of National Cycling Centres in Canada:

1. National Team Training Centres (NTTCs); and
2. National Development Centres (NDCs).

The mission of the NTTCs (based in British Columbia and Quebec), is to provide world-class support to Canadian National Team athletes in coaching, sport science and medicine, training support and life services. These services are available to National Team athletes only. The NTTCs are fully funded and directly governed by the Canadian Cycling Association. The NTTCs are tenants at the physical locations

where they reside (currently PacificSport Victoria and Bromont National Cycling Centre). Operations and a coach salary are provided for each NTTC for a total of \$120,000 annually in funding.¹

Meanwhile, NDCs (Calgary, Hamilton and Dieppe) are mandated to function as regional centres of cycling activities and resources, providing a link to emerging athletes between club programs and the national team. The NDCs are charged with talent identification and outreach; athlete development and consulting to club coaches. The NDCs are financially independent, relying on revenues from coaching and competitions, provincial associations, municipal governments, fundraising, and memberships. The Canadian Cycling Centre provides additional funds to the NDCs (\$10,000 each) for ensuring talent identification and athlete development throughout the regions served by the NDCs. There is also a Performance Enhancement Team (PET) with a mandate to support elite national team athletes with a budget of \$240,000 support with funding contributions from PacificSport Victoria and the Canadian Cycling Association.

Own the Podium (Formerly Road to Excellence)

Own the Podium is an organization that provides funding as well as programming for competitive development in the years between Olympic events. The organization offers a summer sport technical program with the objective of re-establishing Canada as a top sporting nation in the Olympics. The organization represents a collaborative strategy of national partners working to achieve a strong outcome in the Olympics and Paralympics in 2012 (aiming for a Top 12 finish in Olympics and a Top 5 finish in Paralympics).

The group provides support to training and competition as well as support to administration of sports. The organization also supports infrastructure and other initiatives which contribute to the achievement of its objectives. Cycling is an area of strong interest for the organization because of the 45 Olympics medals and 132 Paralympics medals available to be won in the category. The organization sees medal-winning potential in cycling (all disciplines) as follows:

Exhibit 6: Olympic Medal Winning Potential

Athlete Numbers	2012 Podium Potential	2012 Possible Podium	2016 Targeted
Olympic Cycling	5	10	9
Para Cycling	2	5	6

Source: Own the Podium

As a result, Own the Podium has increased its investment in the sport of cycling from a total of 2,010,000 for 2010-2011 (for Olympic and Para Cycling) to \$2,858,000 for 2011-2012. Cycling is the fifth most funded sporting activity by the organization behind rowing, swimming and athletics.

¹ Canadian Cycling Association (2012). Information on National Cycling Centres retrieved from http://www.canadian-cycling.com/cca/about/nat_centres.shtml

Union Cycliste Internationale (UCI) (International Cycling Union)

The Union Cycliste Internationale is the international governing body for cycling recognized by the International Olympics Committee. The UCI has relationships with national cycling federations including the Canadian Cycling Association. It is also responsible for setting standards for competitions and the facilities in which sanctioned competitions are held.

Track cycling is one of the cycling disciplines which the organization governs (such as through the issuance standards for sanctioned velodrome facility design).

1.4.2 TRACK CYCLING FACILITIES IN CANADA

Track cycling is an activity conducted both indoors and outdoors on banked velodromes typically 200-400 m in length. In Canada, there are currently two covered velodromes, one in British Columbia and one in Ontario. Neither meets the size requirements for international events.

Outdoor velodromes exist in Ontario, Quebec, New Brunswick, British Columbia and Alberta. These facilities are in various states of repair.

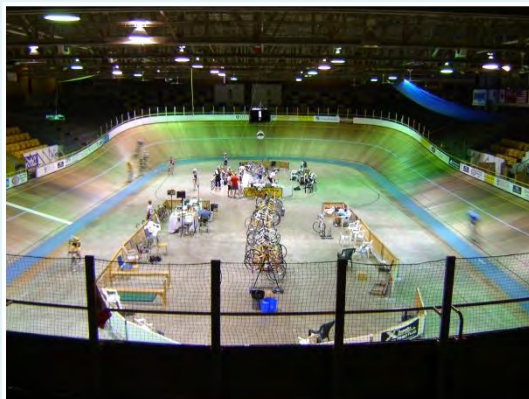
Exhibit 7: Summary of Velodrome Facilities in Canada

Velodrome	Year Built	Indoor/Outdoor	Length	Surface
Wind-Del Velodrome, Windham Centre, ON	c. 1975	Outdoor	250 m	Asphalt
Forest City Velodrome, London, ON	2005	Indoor	138 m	Wooden
Bromont Velodrome, Bromont, QC	2001	Outdoor	250 m	Wooden
Vélodrome Caisse Populaire de Dieppe, Dieppe, NB	2001	Outdoor	250 m	Plywood
Burnaby Velodrome, Burnaby, BC	1997	Indoor	200 m	Wooden
Juan de Fuca Velodrome, Colwood, BC	1993	Outdoor	333 m	Concrete
Argyll Velodrome, Edmonton, AB	1977/2013	outdoor	333 m	Concrete
Glenmore Velodrome, Calgary, AB	1976	Outdoor	400 m	Concrete

CASE STUDY: THE FOREST CITY VELODROME (LONDON, ONTARIO)

The Forest City Velodrome (FCV) has attracted cycling enthusiasts from all over Ontario since it first opened in 2005. Public consultations with Milton riders revealed that despite the need for some maintenance upgrades (the building – not the track – itself is 50 years old), operators have successfully managed to provide welcoming programs that cater to multiple users varying in age and riding experience.

FCV is the preferred choice for many in Ontario and continues to attract users from as far north as Ottawa and Thunder Bay. It is currently the only indoor velodrome in Ontario and is operated by the Forest City Velodrome Association; an incorporated non-profit staffed largely by volunteers.



The track itself was built to fit within London's former Ice House hockey arena resulting in this facility being one of the smallest in the world. The track is steeply banked for a more challenging riding experience, however, this limits the category of races suitable for this venue. FCV hosts anywhere from 8 -10 regional and provincial racing events per year but is ill-equipped in size to cater to Olympic-type events. Forest City Velodrome has roughly 200 active memberships at present. Although there are several competitive cyclists riding anywhere from 2-5 days a weeks; recreational riders account for 80-85 percent of track users (riding an average of once every two weeks). The Track School at FCV allows riders to develop their skills through a variety of recreational and competitive opportunities. First-time track users must complete 8 hours of practice track time and complete a track orientation session before being able to participate in cycling programs. The cycling programs span the spectrum from Huff 'n' Puff classes to slower-paced riders and the elderly to Structured Training for high intensity riders.

Constraints at the facility include:

1. **The smaller space and track inhibit the competitive advantage** of the facility; restricting the nature and types of revenue generating events (cycling and non-cycling related) that may be hosted at the site;
2. **A smaller track consequently limits infield uses.** Despite having a polished concrete infield which allows for flexibility in providing for the City's recreational needs, some activities remain off-limits within the current space.

OTHER DETAILS

FACILITY:

- 138-metre track
- Seats 3,000 spectators

USERS:

- High Performance – 10 -15 athletes
- Upper Level Training – 20-30 athletes
- Provincial Level – 60 athletes

REVENUE BASE:

Membership fees, sponsorships, race night admissions (spectators), and charitable donations

** See Appendix D for current rates and fees*

According to the Ontario Cycling Association, in 2010 there were just under 200 licensed track cyclists in Ontario, 148 male and 38 female. These cyclists are eligible to compete nationally and internationally. Beyond a small number of licensed cyclists there exists a much larger market of recreational cyclists. As in other velodromes around the World, an important part of the programming of the facility is geared to initiation of cyclists to the demands and skills of track cycling and the pursuit of venue specific accreditation. In Manchester, for example, a series of beginner lessons results in the rider being “inducted” as a registered track user.

National Track Cycling Program

A National Track Cycling Program was re-initiated in 2009 after a hiatus of several years. The appointment of a National Team Coach for track in June 2009 has helped to boost the level of track cycling nationally. Most Canadian track athletes are considered to be in their development phase. For this reason, the CCA has focused on providing training camps (which have occurred in Burnaby and in Los Angeles) to allow for hands-on coaching. Coaching development itself is seen as a priority for improving the level of track cycling in Canada as well.

Due to budget constraints, the Canadian Track Team is represented at select World Cup events only. From a national perspective, the development of a training venue “At home” will be an important legacy for the progression of the sport in Canada and the competitiveness of the teams at potentially a larger number of venues.

1.4.3 SUMMARY OF TRACK CYCLING IN CANADA

The following table summarizes the scale of track cycling in Canada:

Exhibit 8: Summary of Track Cycling in Canada (As of 2010)

Level	Approximate Number of Track Athletes	Notes
High Performance/ Team Canada	50-70 elite athletes; 60-80 junior athletes; Includes 18 National Team members	<ul style="list-style-type: none"> • Compete in international championships • National Team trains in Los Angeles 7 months of the year, 2-3 hours/day Oct-April. • A small group are elite medal contenders training 3-5 days per week, 2-3 hours/day
Training to Achieve Upper Level - Canada	50-60 athletes	<ul style="list-style-type: none"> • National championship level • Train up to 3-5 days/week, 2-3 hours/day

Provincial Level Athletes – Ontario & Quebec	At least 60 athletes engaged in competition in Quebec and Ontario; 184 track cyclists registered with OCA	<ul style="list-style-type: none"> • Developmental (includes juniors, elites, etc.) • Train approximately 2 times per week, 2-3 hours/day
Recreational Riders – (prior track riding experience not required)	Large market potential	<ul style="list-style-type: none"> • Recreational riding comprises 85% of programming at Forest City Velodrome • Some level of recreational riding exists at all tracks in Canada, indoor and outdoor

Sources: Canadian Cycling Association, Ontario Cycling Association, Forest City Velodrome (2010 and 2012)

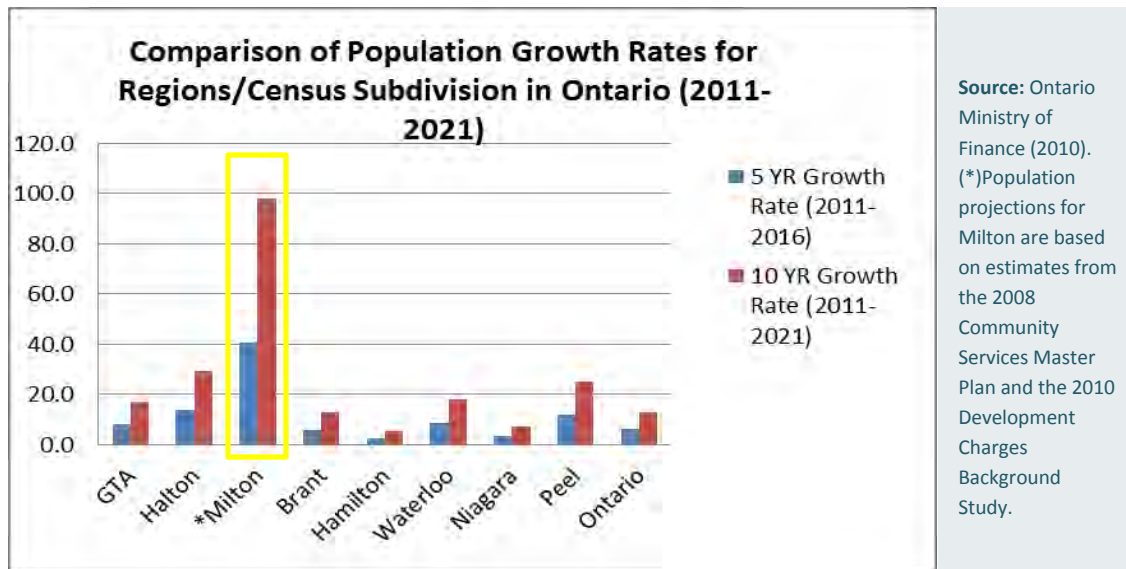
2 SITUATIONAL ASSESSMENT: COMMUNITY OVERVIEW, NEEDS AND ACTIVITY TRENDS

2.1 MUNICIPAL AND REGIONAL GROWTH IMPLICATIONS FOR VELODROME FACILITY

Provincial and municipal data² point to continuous and significant population growth in the Town of Milton. An increasingly vibrant and youthful population – which co-relates with greater participation in higher intensity activities including cycling – is supported by likely greater participation in physical activity as residents in the immediate and broader vicinity of the velodrome site boast levels of income and education notably above the Provincial average.

A combination of these factors/developments have created a rising demand and need for sport and recreational facilities; with current sporting facilities proving to be inadequate for the anticipated residential development in the area³. Based on community growth characteristics alone, the Town of Milton is a prime location in Ontario for the development of a new form of recreational infrastructure which responds to a growing market base locally and regionally, good locational attributes including access to an International Airport, .

Exhibit 9: Graph Showing the Comparison between 2011-2021 Population Growth Rates for Milton and Other Parts of Ontario



² Information retrieved from The Town of Milton Planning Department, Statistics Canada and the Ministry of Finance of Ontario

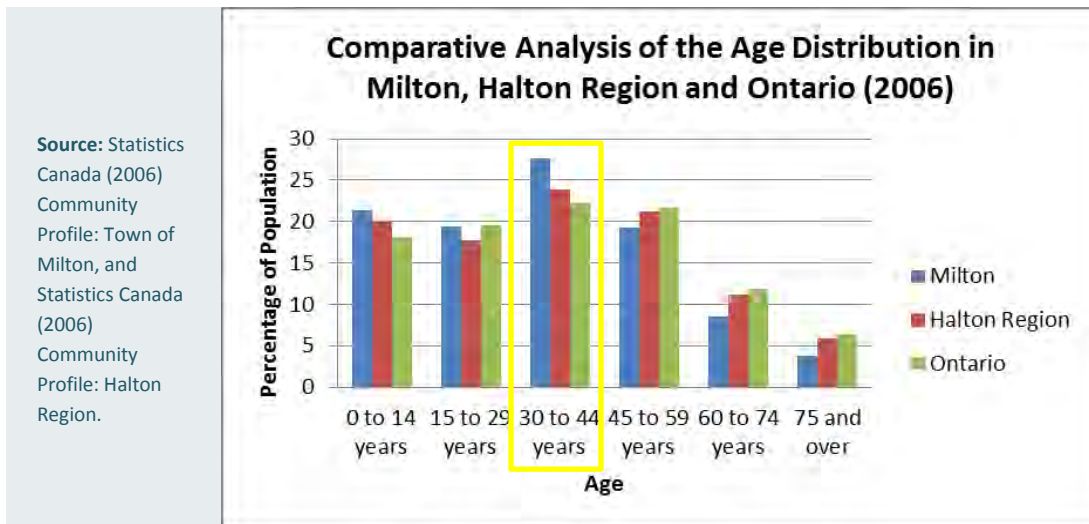
³ Town of Milton (2008) Community Services Master Plan

2.1.1 CONTINUOUS AND SIGNIFICANT POPULATION GROWTH

Located in the region of Halton – Ontario’s fastest growing area – Milton’s ten-year population growth rate is set to exceed the regional rate for the same time period (See the graph below). The latest reports from Ontario Ministry of Finance of Ontario and the Town of Milton’s Planning and Development Department reveal that with a 10-year expected growth rate of 98.2%, Milton’s population will grow at a pace that far exceeds many regions in the Ontario; as well as the overall rate projected for the Province itself. By 2021, the municipal population is estimated to round out at 163,754 – almost double the 82,666 figure reported in Mid-2011⁴

This significant trend in population growth has been evidenced in past years. By Mid-2006, there was a 78% increase from the Mid-2001 population; with roughly another 50% increase being reported by the Town’s planning department between Mid-2006 to Mid-2011⁵. Considering this, the municipality has been identified as one of Ontario’s fast evolving locations. It is also anticipated to be one of the youngest⁶.

Exhibit 10: Graph Showing the Comparison between Population Age Distribution for Milton and the broader region of Halton and Ontario for 2006



Source: Statistics Canada (2006) Community Profile: Town of Milton, and Statistics Canada (2006) Community Profile: Halton Region.

2.1.2 AN INCREASINGLY VIBRANT AND YOUTHFUL POPULATION

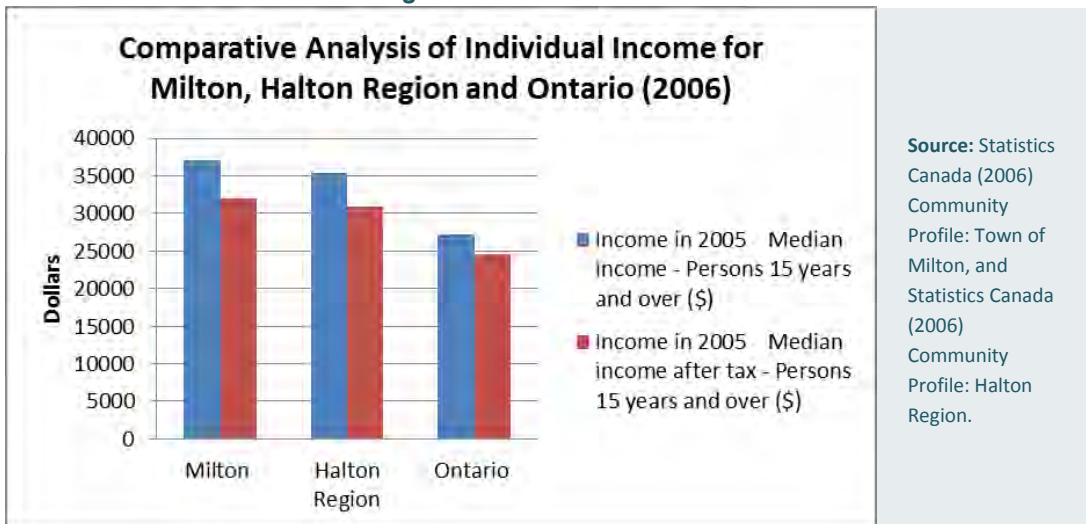
Unlike other municipalities in Ontario, aging will be less impactful on Milton’s population as the majority of Milton’s growth is expected to derive from young adults establishing and expanding their families⁷. This will largely manifest from the present increase in the number of young families moving into the area. Census data (2006) from Statistics Canada confirms this trend, with roughly 60% of the Milton residents being under the age of 40 years; with the largest proportion of the population falling within the 30– 44 years old age cohort..

⁴ Town of Milton (2010) Development Charges Background Study (Updated June 2011)
⁵ Ibid
⁶ Town of Milton (2008) Community Services Master Plan
⁷ Town of Milton Community Services Master Plan 2008 and Physical Activity Plan 2010

The Town of Milton – in comparison to the broader region of Halton and other municipalities in Ontario – boasts a considerably larger proportion of younger individuals and a likewise lower proportion of elderly residents (*See the graph above*). With younger individuals having a propensity to participate in leisure activities more often, combined with the local popularity of cycling (being one of the top five recreational activities in Milton and Canada⁸); a velodrome would be a welcomed addition to local/regional facilities.

Research suggests that adults with higher socio-economic status (education and income levels) have been found to be more active⁹. According to Statistics Canada, Milton’s median income surpassed the Provincial average and peaked above the figures recorded for Halton Region¹⁰. At the end of 2005, Milton’s average individual income (after tax) was \$31,976, well above the provincial average of \$24,604.

Exhibit 11: Graph Showing the Comparison between Median Income in Milton and the broader region of Halton and Ontario for 2006



Residents also possessed more favourable educational levels. Sixteen percent of individuals over the age of 15 years lack any sort of certificate, diploma or degree; versus the 22% rate reported for the Province of Ontario in the 2006 census. Milton residents have higher rates of tertiary and post-secondary qualifications. Twenty-two (22%) percent of residents possess a college, CEGEP or non-university certificate or diploma as opposed to the 18% Provincial rate. While another 23% possess a university certificate, diploma or degree; above the 20% reported for Ontarians

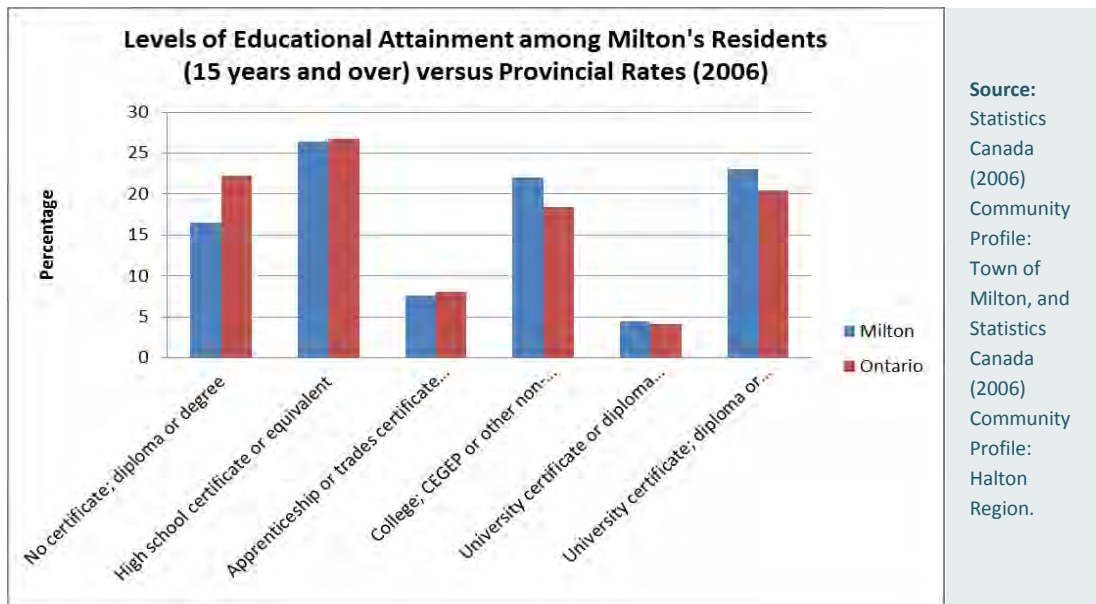
Residents belonging to the broader Halton Region boast similar higher levels of educational attainment, with the number of individuals with a university certificate, diploma or degree surpassing both Milton and Ontario’s average at 26%.

⁸ Ibid

⁹ Canadian Fitness and Lifestyle Research Institute (2010) *Physical Activity Monitor: Facts and Figure*, Canadian Fitness and Lifestyle Research Institute (2008) *Physical Activity Monitor: Facts and Figures and Town of Milton (2010) Physical Activity Plan*

¹⁰ Statistics Canada (2006) Community Profiles: Milton

Exhibit 12: Graph Showing the Comparison of Individual Levels of Educational Attainment for Milton and Ontario (2006)



2.1.3 GROWING SPORT AND RECREATIONAL FACILITY NEEDS

The Town of Milton recently completed the Expansion of the Milton Sports Centre (2011) which was the next multi-purpose Community Centre to be designed and built as identified in the Community Services Master Plan. The next multi-purpose Community Centre is the Sherwood Community Centre, to be located on the west side of the community in the area of Main and Tremaine. The Program and Business Plan for this Centre is being undertaken towards the later part of 2012, and this process will confirm the program needs and functional requirements for the Centre. This information will be used to inform the Design process (2013) and ultimately the Construction of the new Centre during 2014 and 2015. At the moment the Facility forecast budget includes the following components:

- Double gymnasium
- Twin pad arena
- Swimming Pool
- Multi-Purpose space

The proposed Capital contribution identified for the Velodrome will re-direct the Recreational Development Charges identified for the Double gymnasium portion of this Centre (\$3.8M). Therefore, as planning proceeds for the balance of the program and facility needs, the community will be asked to verify the recreational needs to be built at this site, recognizing that the gymnasium facilities will be within the Velodrome. Other considerations through this upcoming planning process will be the impact of Laurier University in terms of any planned recreational facilities, the opportunity to partner with other Agencies (including the YMCA), and the completion of trend analysis that will assist in determining future facility needs which may be the same or different from those currently identified.

2.2 COMMUNITY NEEDS OVERVIEW RELEVANT TO THE SPACE UTILIZATION IN THE VELODROME

The Velodrome would represent an iconic facility, catering to and developing existing interest in the sport of cycling, and building the potential for international competitiveness for Canadian cycling. It is also a cycling event centre catering to events ranging from regional meets to international championships.

However, the facility is also multi-use, and the presence of an in-field gymnasium as well as the potential for community level fitness and other programming space, would represent an addition to the inventory of community facilities. In planning for future needs, the Town of Milton Community Services Master Plan identifies the following of relevance¹¹.

The Town's Community Service Plan identifies a number of uses which are potentially viable additions to the Velodrome if sufficient space exists to accommodate the primary use of the facility, the secondary use being the infield and other recreational and community space within the building. The following lists potential needs and an approach to delivery, as identified in the Plan and which remains as Town policy as of 2012.

At present, the Town has gymnasiums at the Milton Leisure Centre and Milton Sports Centre and access to school gymnasiums through reciprocal agreements. The addition of additional growth-related gymnasium space is accounted for as planned capital in the current Development Charge. The Velodrome offers the potential to develop a greater amount of gymnasium space in the infield of the track than could likely be developed under current plans in a separate community facility.

¹¹ The Town of Milton's Community Services Master Plan (2008) was designed to facilitate safe, healthy communities and a vibrant cultural economy via the promotion of lifelong learning, active and healthy lifestyles through well-planned recreational spaces and services. The Community Services Master Plan offers a community vision for parks, facilities, recreation, and culture in the municipality –to 2016.

3 THE IMPORTANCE OF VELODROME LOCATION

3.1 GENERAL LOCATION REVIEW

The velodrome will be located in one of the prime growth areas in the Town of Milton. The vicinity is anticipated to see increased population growth, commercial and residential development, infrastructure and transit developments with the intensification in the Milton Urban Expansion Area and the Milton Education Village.

Milton Education Village: A one-of-a-kind location in Canada

The new indoor cycling facility will be located in the heart of the proposed Milton Education Village (MEV) (see Exhibit 13) – a unique research park in Canada, intended to facilitate an exciting ‘green’ community where individuals “work, study, live, and play” all in one zone.

The 450-acre site is just west of Milton’s historic downtown area at the base of the Niagara Escarpment. This mixed-use development will feature various research and education facilities and is planned to be the new home of Wilfrid Laurier University’s satellite campus pending approval from the Province¹². Residential neighborhoods are within close distance, and the velodrome will be in the vicinity of the planned 150-acre university site (*See map below*). Potential roads, transit features and infrastructure have been identified for the area with a GO Transit station proposed at new Tremaine Road interchange at Highway 401¹³. Other planned features of the area include:

- **Community trails, restaurants and shops.** The Town of Milton is currently undertaking a Secondary Plan for the Village and will update the Trails/Cycling Master Plan in 2012 to include the area. Cycling lanes have already been proposed on Tremaine Road;
- **Student housing** (pending developments with Wilfrid Laurier University) and residential developments;
- **A research and business park** with emphasis on cleantech programs¹⁴;
- **Commercial** supporting services

Additionally, the Velodrome will also be located west of two prime growth sites within the Milton Urban Expansion Area. The Sherwood and Boyne survey sites (*indicated on the map below*) will accommodate an increased user base; with the Boyne Secondary Plan Area estimated to feature an additional 50,000 residents, various parklands and trails when fully developed¹⁵.

¹² Town of Milton (2011) Milton Education Village Status Report

¹³ Halton Region (2011). Halton Region Transportation Master Plan 2031: The Road to Change

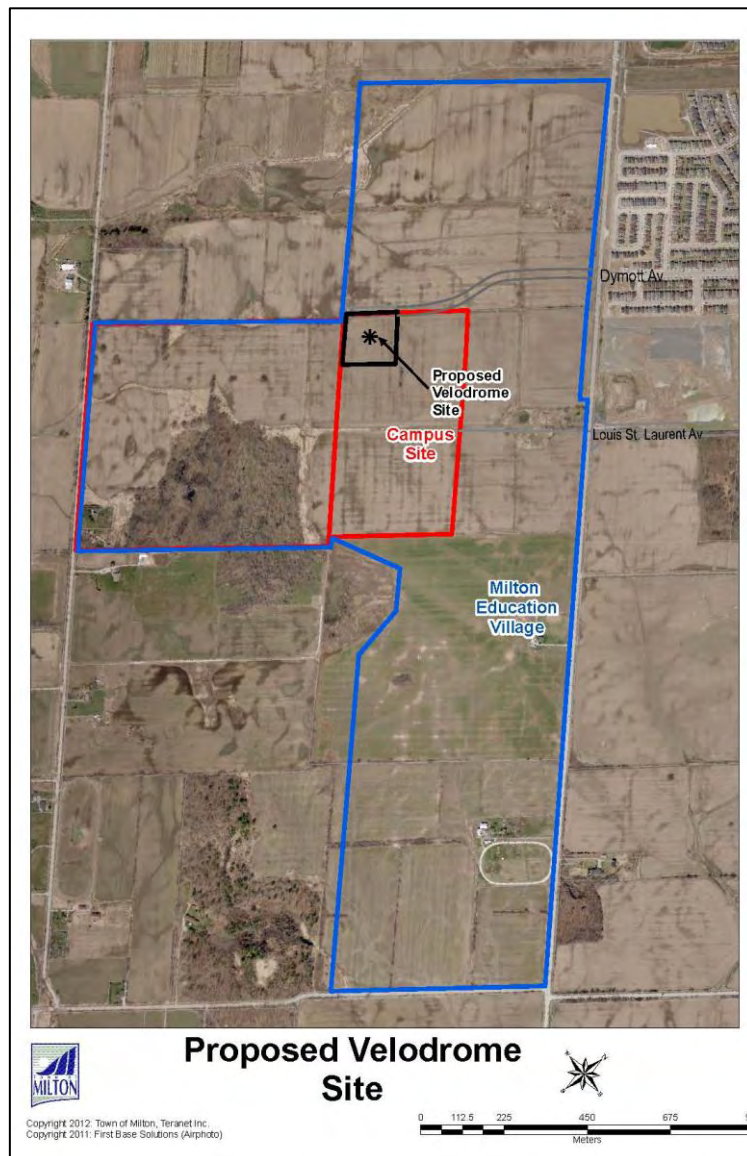
¹⁴ Town of Milton (2009) Milton Education Village Research Park: Strategic Directions Report

¹⁵ Town of Milton (2012) Boyne Survey information retrieved from <http://www.milton.ca/en/townhall/boynesurvey.asp>

3.2 VELODROME SITE

The proposed site of the velodrome is shown on the map below. The five-acre site is located in the MEV and is adjacent to the Dymott Avenue extension. The precise location of the structure is still being determined, but initial plans call for the velodrome to be located next to the Dymott Avenue extension. Locating the facility next to Dymott Avenue would take advantage of the planned higher elevation of the road extension thereby enabling the public to enter the velodrome on the concourse level.

Exhibit 13: Velodrome Site (Draft)



3.3 GUIDING PRINCIPLES FOR DEVELOPMENT

The following represent those aspects of both development planning and implementation for the facility which maximize the potential to meet the mandate for community recreational access as well as create a flexible venue which potential for the development of other synergistic uses nearby by, as has occurred in other Velodrome locations around the World.

1. *Recognize the opportunity cost of doing nothing, or of underbuilding to the necessary level of scale and quality.*

Recognition that the Facility is a first for Canada and as such has significant potential to grow the market for cycling and cycling events both nationally, provincially and locally. Having a broader site which can facilitate potential additional uses, colocation of other major recreation facilities or creation of a larger cycling or elite sport campus over time represents an investment in good planning.

2. *Pursue sites with visibility, good aesthetics and which maximize accessibility using a range of modes of travel.*

The Velodrome will be a photo-opportunity and marketing benefit to the Town, Region and Province. The site planning and location of the building should reflect these advantages – assisting with naming rights and yielding reputational benefits for the Town.

3. *Support In-building retail if possible*

Retail space lease in the building should reflect those uses which are appropriate for a building of this nature (for example food and beverage, sports, fitness, health and wellness related).

Retail and food services should maximize the opportunity for serving spectators during events and participants in the facility as a means of maximizing operating revenues. In most instances, this translates into a retail provision which is ancillary or complimentary to the core business of the facility as a community and event sports venue.

Additional retail elsewhere in a precinct to be developed by the private sector, should be based on an identified additional opportunity in the local area.

4. *Animate the site as a campus or precinct.*

Add related activities as part of the build-out plan, to include not only recreational uses identified above but also commercial office, retail and other development. Multi-use of both the building and the wider site requires a flexible build-out plan.

This integrated land use approach is in line with current thinking in many jurisdictions. This applies to both spectator-driven venues as well as community recreation venues where centralization of facilities creates capital and operating efficiencies but also promotes a high quality of recreational service and convenience for the public.

4 FACILITY OPTIONS IN LEGACY MODE

This section outlines the legacy program which is achievable for the facility when operating under normal conditions (i.e. likely from Year 2 onwards).

Based on a number of measures, there is evident demand and capacity to program an indoor velodrome facility located in the Town of Milton:

- The gap in the provision of UCI International standard 250 metre velodrome facilities in North America;
- The existence of a Canadian infrastructure for elite and advanced training of athletes in the cycling disciplines;
- A well-defined provincial and regional draw from cycling groups;
- Likely demand from parts of the US; and
- Potential demand for use of the in-field/ancillary space for community and Region wide recreational program, events and rentals.

4.1 PRINCIPLES OF LEGACY

The business case is predicated on two important principles of legacy:

1. The Velodrome operates as the Canadian National Cycling Centre, with a core mandate to promote competitive success of Canadian athletes, development and training, and hosting of international events; and
2. Operating as a community cycling facility – with a mandate to meet a range of expectations from cycling groups in the community, as well as users of the in-field for non-track sports and community/corporate events. As a community legacy facility, the venue will be expected to offer facilities and programs which speak directly to Town policies in regard to the promotion of health and wellness, sport, recreation and leisure.

4.1.1 LEGACY AS A VELODROME WITH MAXIMUM EVENT POTENTIAL

In order for the Velodrome to attract international events on a sustainable basis, the design of the facility becomes a critical factor. Achieving the necessary design improvements, and understanding the capital cost implications of these is a process that is currently in progress prior to the closing of the RFP process for the development of the venue.

Critical elements of the design, in addition to a track which meets UCI Category I status and which can facilitate World Records, include:

1. Elimination of interior structural columns in favour of a clear span design;

2. Allied to this, the achievement of sight lines, broadcast and media capacity, as well as all other functional spaces that enable the facility to operate as an international cycling competition facility. The ability to operate with television broadcasting of events and necessary hosting firmly in mind will make a substantial difference to the ability of the facility to compete for hosting events.
3. Recognize that achieving a sufficient seating capacity (permanent and temporary combined) that firmly establishes the facility as capable of attracting and hosting all but the largest scale international events (Elite World Championships, Commonwealth and Olympic Games)

4.1.2 LEGACY FOR COMMUNITY USE

The main principles are as follows:

1. Development of Community Access to this facility as a Cycling First facility
2. Effective creation of a multi-use venue enabling the use of the in-field and other spaces in the building for a wide range of activities, rentals and events which benefit the residents of the Town and others in the Region.

4.2 UTILIZATION POTENTIAL AND RANGE OF FACILITY NEEDS

To assess and examine the utilization and program potential of the velodrome, the consultant team conducted stakeholder consultations in early January and gathered input from 24 cycling groups and six non-cycling groups through a survey method. Key informant interviews were also conducted with four primary stakeholders – Canadian Cycling Association (CCA), Ontario Cycling Association (OCA), National Cycling Centre Hamilton (NCCH), and Forest City Velodrome.

The information from the cycling and non-cycling groups have been analyzed and fed back into the business planning development process with regard to understanding and exploring operating impacts, future community usage and programming opportunities.

A summary of the expected demand for space and programming at the velodrome from the cycling and non-cycling groups is provided in the following exhibit. The breakdown of usage hours expected and rates by group is presented in Appendix D. The following exhibit illustrates the expected high demand for training opportunities during the winter months and an interest from various local and regional cycling groups in recreational and introductory riding programs. Non-cycling groups also expressed an interest to use the in-field for basketball, volleyball, track and field, flag football, soccer and potentially ultimate Frisbee.

The results of the consultation represent a guideline only | developing the potential yield of track use in the Velodrome.

Exhibit 14: Velodrome Utilization Potential and Facility Requirements

(Based on Consultation Group Questionnaire) This is not the full program which would include programming for a range of in-field uses etc. but is designed to inform what potential for programming and specific facility requirements exists.

Principal Tenants/Partners	Current Facilities in Use /Structure of their Delivery	Core Use of the Facility	Specific range of facility needs
Canadian Cycling Association	Velodromes in Los Angeles, Burnaby, London, Dieppe, Bromont, Calgary	Training and Competition - National Training Centre for Cycling (daily use of track)	Track time, office space, equipment storage, athlete medical treatment area, bike storage and bike repair area, athlete testing lab, event lockers, strength & conditioning space, change rooms
Ontario Cycling Association	Forest City Velodrome	Training, Office and Competitions (daily use of track)	Track time, office space, equipment storage, athlete testing lab
National Cycling Centre Hamilton	Ancaster Rotary Club; Forest City Velodrome	Training, Office and Competitions (daily use of track)	Track time, office space, training space
Forest City Velodrome	Forest City Velodrome	Training; Racing, Recreational Riding; Introduction to Track cycling (daily use of track)	Office Space, Track time
Regional/Local Cycling Organizations	Current Facilities in Use /Structure of their Delivery	Core Use of the Facility	Specific range of facility needs
Mississauga Bicycle Racing Club	Local Roads in Halton Hills	Winter training	Track time, change rooms/showers, warm up area.
Oakville Cycling Club	Many of the Regional & municipal roads in Halton – mainly the rural roads	Winter training program (Nov - March); interval workouts during the riding season	Track time; change room /locker / showers
Newmarket Eagles Cycling Club	Outdoor roads and trails across York Region - primarily road programming	Train for fitness; recreational riding; skill development training	Track time, showers, lockers, weight room, fitness centre
Midweek Cycling Club	Outdoor roads and trails across GTA - focused on racing	Winter recreational riding, skills development, competition (Fall/Winter/Spring)	Track time, organized racing events and facilities, race offices, bike storage room, change rooms/showers
Waterloo Cycling Club	Outdoor roads, trails and forests in Waterloo - road, racing, mountain biking programming and learn to race programs	Learn to ride, recreational riding, track skills development, group riding, training	Track time, locker rooms, showers, bike lockers, coffee shop/restaurant, bike shop
Lapdogs Cycling Club	Outdoor roads and trails in Toronto - road cycling and mountain biking. Kelso Conservation Area.	Training activities; future track race program and team	Track time, change rooms, bike rentals, bike storage and lockers, weight room.
Cyclepath Markham	Outdoor roads	Training sessions, workouts	Track time, showers, bike repair area, "road loop" around the building
Hamilton Cycling Club	Forest City Velodrome, Joyride 150 indoor mtb and BMX skills, local roads, local mtb trails (Kelso, Halton Forest, Hilton Falls)	Track racing and training, conditioning	Track time, conditioning facilities, bike storage, bike repair, removeable bmx and mtb track and skills areas
Triathlon Club of Burlington	Forest City Velodrome, spin studios in Burlington	Winter training (instruction and workouts), group riding lessons	Track time, change room/showers, warm up/cool down area, concession area
Chain Reaction Cycling Club	Outdoor roads	Training and race program for novice to intermediate riders (ages 12-60) Sept to late May	Track time
Real Deal Racing/La Bicicletta Cycling Club	Outdoor roads	Training for race team and introductory track programs	Track time, change rooms with showers; lockers; parking
Morning Glory Cycling Club	Outdoor roads in Toronto	weekly riding sessions	Track time, showers, locker rooms
C3 Canadian Cross training Club	Indoor and outdoor biking. Canadian Cross Training Club based in Inglewood, Ontario.	weekly workouts in Winter	Track time, weight room, yoga room
Kurzawinski Coach Cycling Team	Forest City Velodrome, outdoor roads and trails - road, racing, mountain biking, cyclo cross, track.	Facility used in Fall/Winter/Spring to supplement training regimen. Potential development of a Track segment to existing program.	Track time, change rooms with Showers, bike storage,

Velodrome Utilization Potential and Facility Requirements (Con't)

Regional/Local Cycling Organizations	Current Facilities in Use /Structure of their Delivery	Core Use of the Facility	Specific range of facility needs
Brampton Cycling Club	Local roads; members informally use Kelso for mountain biking	Conditioning; recreational riding; possibly racing for some members in Fall/Winter and Spring.	Track time, Showers/change rooms and multi-purpose rooms (desirable but non-mandatory)
Sweet Pete's Racing Team	Road cycling and indoor spin sessions in YMCA Oakville	Training; Cadet and Junior development in Oct to April	Track time, leg strengthening equipment such as a squat rack, leg press, hamstring curl, quad extension, calf machine, hip adductor/abductor, etc.
Hummingbirds International Cycling Club	Road and track cycling	Learn to race programs, periodic conditioning - all year use	Track time, vending machines with healthy snacks and drinks
The Hub Race Team	Chicopee Ski Hill	Off season training. Extend the racing season to all year.	Track time, washrooms with showers, lockers, bicycle storage, coffee bar with lounge
Non-Cycling User Potential	Current Facilities in Use /Structure of their Delivery	Core Use of the Facility	Specific range of facility needs
Athletics Ontario	Limited facilities for practice in Guelph, but not for competition. Toronto Track & Field Centre at York University.	Rental of facility for indoor track meets during December-April.	Running track (preferably 200m) with rubberized surface plus facilities for high jump, long/triple jump, pole vault, shot put.
Milton Coed Volleyball	Milton District High School	Volleyball regular play and tournaments.	Gymnasium with volleyball markings; volleyball poles
Ontario Basketball Association (OBA)	Local member clubs use more than 30 facilities including all secondary schools in Milton	Hosting of Ontario Cup Provincial Championships, training centre for Ontario basketball provincial team programs, player development program, FIBA 3-on-3, centre for performance.	Basketball courts (FIBA regulated), shot clocks, change rooms, training facility, office space (potentially)
Milton Youth Soccer Club	School gyms; Acton Indoor soccer facility; Burloak Indoor Soccer Facility; Hershey Centre; Oakville Soccer dome; Player's Paradise Soccer Facility	Potential renting of a large enough soccer field	Soccer field with turf, change facilities, washrooms, soccer nets
Urban Sports Club	Elementary and secondary public and Catholic schools in Milton, various outdoor fields in Milton, Milton Sports Centre beach volleyball courts.	We would be interested in the volleyball and basketball courts as well as the use of the field for ultimate frisbee, soccer, and flag football.	Soccer nets, volleyball poles, basketball nets, changerooms, multi-purpose rooms.

4.3 FUNCTIONAL SPACE PROGRAM

The functional space program is an important input for the business plan as the type of space that is available in the legacy program will drive the type of future use and programming opportunities.

The needs of cycling and non-cycling groups with regard to facility requirements were identified in the consultation phase and the range of facility requirements expressed by each group is summarized in the exhibit below:

Exhibit 15: Summary of Required and Desired Facility Features from Groups

Mandatory Space Requirement		Desired
Change rooms with showers	Snack Bar / Concession Area	Running Track
Warm up area	Multi-purpose / meeting room	Massage clinic/sauna
Bike Storage	Bike shop	Lounge area
Bike storage lockers	Training Lab	Spinning room/area
Bike repair area	Athlete Medical Treatment Area	Meeting/ coaching rooms
Gym / Fitness Centre / Weight Room	Office Space	Yoga room
Conditioning facilities		

Below is a brief summary of the legacy functional space programming currently assumed for purposes of the business plan. The spaces required for operations such as HVAC, waste storage and janitor closets have not been included in the summary.

Exhibit 16: Summary of Legacy Functional Space Program

Sport	
Spaces	Field of Play; Warm up area; jogging track; Squash courts (potential); Fitness centre, 2000 sq. ft.; Training lab (1200sq.ft.); Meeting rooms; Bike repair area; Cycle Pro Shop; Office space; Athlete medical area; Kitchenette Servery.
Storage	Field of Play Equipment Storage (cycling & other sports); Event lockers; Electric bike storage; Bicycle storage;
Change rooms	Athlete change rooms; Universal change rooms; Fitness centre change rooms; Official / Referee change rooms; Field of Play washrooms.
Event Services	
Seating & Standing Areas	1,500 fixed permanent seats including 1% mobility aided positions and 1% enhanced seating with 750 temporary seats. Standing areas should be allowed for at the ends of the track. Potentially seating above 2,500 being tested by Project Design Consultant
Spectator Spaces	Lobby; Spectator Concourse; Spectator washrooms; Concession stands; Vending Machine spaces;

It is important to note that as of writing the report, the functional space program has not yet been finalized. The business plan has taken the above spaces into consideration and specifically has been developed based on the following assumptions:

- Fitness centre that is open to the public (2,000 sq. ft.);
- Food concession area (500 sq. ft.); this is not a café or restaurant. We recommend that consideration be given to greater levels of food service operation but given the ongoing discussion around the functional program and it's achievement within the existing capital cost envelope, this recommendation is not carried through to the business plan financials; Commercial retail space (ranging from 500 to 2,000 sq. ft. depending on the financial scenario); and
- Office space (ranging from 600 to 3,000 sq. ft. depending on the financial scenario).

4.4 FACILITY PROGRAMMING OPPORTUNITIES – INFIELD AND NON-TRADITIONAL USES

In addition to the utilization potential identified from the review of track cycling in Canada, the facility has the potential to program for the community in a range of non-cycling sports. The use of the in-field is a secondary use in as much as its programming must accommodate the primary needs of the track users. This translates into a program for the interior space that is somewhat constrained and will require effective and specialised management of the facility as a whole. Six non-cycling groups completed the consultation questionnaire and provided input as to their potential future utilization of the velodrome in-field. Their input has been summarized in Section 4.2.

It is important to re-iterate that the infield uses of the facility should operate as a secondary stream of revenue sources and programming opportunities. Track use retains primacy and if managed with this mandate the facility will maximise the potential associated with track revenues.

Non-Traditional Uses

Velodrome operators worldwide have been keen to utilize infields for non-traditional sporting activities, in order to serve a greater range of low to high intensity sporting enthusiasts and improve the marketability and use of facilities. These sports typically amass a large international following and command world attention through various championships, tournaments and even Olympic Games.

The Joe Ciavola (Australia) and Wales National (United Kingdom) Velodromes host boule activities such as boccia and lawn bowls. Notably, boccia is well suited to athletes with physical disabilities and is one of the featured sports of the Paralympic Games. Meanwhile, the Sangalhos High Performance Centre (Portugal) utilizes its space for fencing and martial arts tournaments. This Portugal-based velodrome, as well as the Dunc Gray Velodrome in Australia, has also made room for acrobatic activities such as tumbling, trampolining and baton twirling. The Argyll (Canada) and Invercargill ILT (New Zealand) Velodromes have sought a different kind of appeal by hosting activities that are newer twists on old favorites; with the former accommodating ultimate frisbee matches and the latter utilizing its infield for floor hockey. Other non-traditional infield activities include wrestling (ADT Event Centre), high jump and cheerleading (Wales National Velodrome).

Infield use is prohibited during track competitions (and associated set up and take down) and certain team sports are likely to be more limited in their frequency than other court sports. Full details of the utilization of the infield is provided in the financial analysis which follows.

4.5 POTENTIAL EVENT HOSTING OPPORTUNITIES

In addition to potential Training and Coaching Development Camps, the following provides an illustration of potential events which could be hosted annually at the Milton Velodrome with a 250m UCI international standard track. The example of London below provides an opportunity to replicate similar events at the National Velodrome in Milton.

Exhibit 17: Potential Event Hosting Opportunities

Local Event Hosting Examples (Races & Special Events specific to Forest City Velodrome -2011)

- FCV Grand Prix
 - FCV International
 - Madison Challenge
 - CanAmQue Challenge
 - Madison Madness
 - Tim Horton's Winter Nationals
 - Saturday races
- (Most shows span 2 hours and typically range from sprint to endurance races)

Provincial Event Hosting

- Ontario Provincial Track Championships
- Ontario Cup Races (4 events annually)

National Event Hosting

- National Track Cycling Championships
- National Paracycling Championships – Track Cycling

International Event Hosting (Eligible as a UCI Class 1 Velodrome)

- UCI Track Cycling World Championships (annual event)
- UCI Track Cycling Masters World Championships (annual event)
- UCI Track Cycling Junior World Championships (annual event)
- UCI Track Cycling World Cup Classics I, II, III or IV (annual events)
- Pan American Track Cycling Championships (annual event)
- Pan American Junior Track Cycling Championships (annual event)
- *Games (Commonwealth, Pan American, Olympic, Paralympic)*
- Paracycling Track World Championships (annual since 2006, no event in 2008)

With strong management at the velodrome and involvement from the national federation, several international events could be held at the facility each year on a sustained multi-year basis. The UCI world championships are itinerant but do return to good facilities. As an example, the Manchester Velodrome has hosted the world championships 3 times since it opened in 1994 (1996, 2000, 2008).

The UCI World Cup classics events have four rounds held in different months and each round is held on a different continent. UCI has made an effort to bring the World Cup games back to the same communities in the same month for a period of at least two years. The reason for this is to build and reward audiences for the sport so that athletes can compete to a full house of spectators. The Manchester velodrome has

hosted one round of the World Cup classic every year since 2004. (*Source: Gilles Perruzi, UCI Track Coordinator; Manchester Velodrome events; UCI Website*).

5 CONSIDERATION OF PARTNERSHIP OPPORTUNITIES

5.1 INTERNATIONAL EXAMPLES OF MANAGEMENT

In operational terms, our case study assessments demonstrate a high degree of partnership, often between municipalities and key tenant groups. The potential for management of the facility, including the provision of coaching, track management and events procurement and logistics, to be shared between a facility operator and the national cycling organization, is important and should be developed; so too are tenancy agreements and clear commitments on the part of the partners to operate the facility as a national cycle training facility.

The ability of the facility to operate in this manner and to create a revenue profile which enables its long term sustainability requires that the primary users of the facility provide operational support in the form of technical skills and personnel, rental and other lease fees, and events development.

The examples of other velodromes demonstrate that the management of facilities requires specialist expertise – particularly in regard to track management and the ability to meet the needs of the wider range of training, development, community and competition functions.

5.2 LAURIER UNIVERSITY

The potential for the University to form a partnership for the town of Milton to operate the facility is more likely to occur if a more significant capital expenditure on the part of the University occurs to enable the development of a full athletics and recreation centre. Based on what we know at present, it is more likely that the University would represent a potential synergistic user of the facility rather than act as an operating partner.

The presence of the university either immediately or some point during the initial few years of operating the velodrome will enhance the appeal of the velodrome site as a true campus or precinct of institutional uses. The velodrome itself, by virtue its iconic status as the only indoor facility of its type in Eastern North America, will create reputational benefits for the Town of Milton that translate into quantifiable economic benefits. The University can be expected to benefit from this both in its marketing efforts to attract students to the University and programming that can be undertaken. Indeed, over time the opportunity exists to program within the velodrome as part of academic instructional courses. There are therefore a number of obvious synergistic benefits for both the Town and the University by co-locating, which are over and above the benefits associated with shared services and utilities infrastructure.

The implications of the co-location of a satellite campus of the University with the Velodrome is addressed in potential business planning terms through a reconsideration of revenue potential to the facility based on a campus of initially 3,000 students opening in 2015.

5.3 MANAGEMENT OF THE VELODROME

The velodrome is anticipated to be managed by a non-profit corporation with the asset owned by the Town of Milton. The following principles of management recruitment and operation are important to the success of the facility in operational terms:

1. Recruit management staff with prior experience in operating Velodrome – this may include a flexible contract provision and expenses involved in relocation of the successful individual;
2. Recruitment of track managers with high level of prior experience in working with national cycling bodies and the accommodation of elite training and competition needs;
3. Be willing to operate the facility as a National Cycling Centre and not a generic multi-use facility whereby track and infield are given equal weight and management expertise is limited in the development of the core function of the building;
4. The governance structure for the facility should similarly consider a range of options. In some examples, such as Manchester, the facility is owned by the City of Manchester with ultimate liability for the built asset and its operational performance. Governance is provided by a Board of Directors with membership made up of the City Council, Sport England and British Cycling. The ownership structure is in the form of a separate company listed with Companies House in London. The equivalent structure would be an incorporated entity in Ontario with assets owned by the Town. Day to day management is undertaken by the staff of the company.
5. Irrespective of the model, the nature of the building and its importance to the development of cycling in Canada suggests an important role for the national cycling organization.
6. The importance of the achievement of an effective management organization and governance structure cannot be overstated in terms of its impact on the ability of the facility to maximise revenues, achieve its potential for international event hosting, and satisfy the needs of local users.

6 CAPITAL COST ANALYSIS

6.1 EXISTING CAPITAL FUNDING FORMULA

TO2015 requires the Velodrome host community to provide the local share of project costs, which amounts to a financial contribution equal to 44% of capital costs in addition to 100% of the land and site servicing costs. The Town of Milton has committed to the local share of **\$19.8 million** (which includes 44% of a \$40 building cost plus \$2.2 million for site servicing and parking costs). The exhibit below outlines Milton's capital funding plan for the velodrome project. It is not known yet whether a building cost of \$40 million can deliver all of the range of functional program requirements that may be necessary.

Exhibit 18: Capital Funding Plan

Name	Amount	Comments
Town of Milton	\$3.8 million	Funding source: Development Charges re-allocation for gymnasiums planned for Sherwood Community Centre but could be accommodated at velodrome
Pledged Donations (The Mattamy Group)	\$7 million	The Mattamy Group has confirmed its commitment
Sponsorship (The Mattamy Group)	\$2 million	The Mattamy Group will enter in a sponsorship agreement with the Town for exclusive naming rights of the velodrome
MEV Partner (Wilfrid Laurier University)	\$2.5 million	Wilfrid Laurier University has expressed support for the velodrome, however, the establishment of a Laurier Milton campus has not yet been confirmed by the Province. The Town of Milton is developing an alternative plan.
Fund Raising Campaign	\$3 million	Fundraising campaign led by Tim Hockey, President & CEO of TD Canada Trust, and Peter Gilgan, President & CEO of Mattamy Homes.
In-Kind Capital	\$1.5 million	In-kind funding from local product suppliers for materials needed within project construction.
Total	\$19.8 million	

Source: Town of Milton, Staff Report No. COMS-050-11 (Dec. 5, 2011)

6.2 VALUE FOR MONEY IN REALLOCATING CAPITAL BUDGET TO VELODROME

Overall capital costs are currently under review. With respect to the Town's estimated funding of a maximum of around \$3.8 million, this is based upon the Town's budget allocation in its capital forecast to deliver community based facilities (gymnasium space).

The \$3.8 million is growth related and supportable through the Town's Development Charge by-law. The \$3.8 million is derived as follows:

- \$2,730,000 for 13,000 square feet (1,207 m²) that includes the gym playing floor, two dressing rooms, storage, maintenance closet and bleacher seating for 150;

- \$260,000 for 1,300 square feet (121 m²) of ancillary and other circulation type spaces (lobby space, corridors);
- \$59,800 for FFE; and
- \$820,736 for soft costs associated with the project.

The value of \$3.8 million for a 14,300 sq. ft. space equates to roughly \$270 per sq. ft. capital cost including soft costs.

In translating these costs allocations to the Velodrome it is important to ask what is obtained in the Velodrome for a similar budget. Within the Velodrome, the infield space alone measures for playable surfaces (excluding portions of the infield at either end) over 20,000 sq. ft. This represents a 50% increase in the amount of gymnasium space compared with the 14,300 sq. ft. planned elsewhere.. In addition, dressing room and seating is provided in the Velodrome as part of the functional requirements of the building.

As a broad estimate, even applying a unit rate of \$300/sq. ft. to the gymnasium space would yield a value in the order of \$6 million. This reflects therefore that the amount of space provided as well as the synergies with other elements in the building and therefore inherit cost reductions, result in significant value for money enhancements via the reallocation of the Town funds to the creation of gymnasium space within the Velodrome rather than a community centre.

It should be noted that the unit rates are the basis for the overall capital costs for the Velodrome are likely to be in excess of \$300 per sq. ft.

6.3 STATUS OF FUNCTIONAL PROGRAM AND IMPACT ON CAPITAL COSTS

The Town of Milton along with consulting team members are currently working with Toronto2015 and Infrastructure Ontario and their retained project design consultant (PDC), B&H Architects, to address the need for greater specification the functional program to meet the needs of the Town of Milton and the potential users of the facility from the local community. The resulting statement of functional program will be subject to further capital cost estimates by Infrastructure Ontario and the results would be made known to the Town of Milton upon receipt of these estimates. It is likely, that a process of iteration will be required to achieve an appropriate balance between those functional spaces that are essential, those which are desired but not mandatory, and other opportunities as measured against the incremental capital costs associated with each item.

In addition to redefining the functional space program to meet the specific needs of the Town of Milton, potential cost implications (reductions and/or cost additions) associated with the proposed site for development of the Velodrome will also impact the overall cost to the Municipality. The Municipality is required to fund 100% of land related capital costs including any costs for the land itself, site works and servicing to the property, and any environmental remediation or other extraordinary capital costs that may be incurred.

Several items which will affect the cost include:

- The potential for a district heating system based on geo-thermal energy which may ultimately reduce the operating costs associated with building utilities, as well as impact the capital cost associated with the heating and cooling system in place for the facility.

- Site planning considerations, including the effective use of site gradient in an attempt to reduce building costs

6.4 KNOWN CAPITAL COST RISKS

The current capital cost estimates, as well as the proposed funding sources to meet the likely range of capital costs is subject to revision as design-specifics are addressed. There are several principles with respect to the capital cost estimates which are drawn upon in the financial feasibility analysis included in this report. These are as follows:

- The approximate building budget of \$40 million is based upon some 122,000 sq. ft. gross floor area (GFA). The assumptions of the financial and the current functional programming exercise is to determine what functional spaces and occupancies can be achieved within the existing building envelope rather than adding to the overall footprint of the building.
- While the analysis of demand for use of the facility indicates broad range of demand and high levels of utilization, as well as opportunities for achieving retail and commercial office tenancies, the financial analysis is tempered by the likelihood that not all the potential opportunities can be accommodated within the existing building envelope. Therefore the financial scenarios vary in terms of the extent to which these revenue generating spaces (commercial leases, retail, and other) are achievable.

The assumptions with respect to achievable lease space are as follows based on the alternative scenarios of financial performance contained in Section 7:0:

Exhibit 19

	Scenario (sq. ft.)		
	1	2	3
Commerical Retail	500	1,000	2,000
Food Concession	500	500	500
Office Lease Space	600	2,000	3,000
Fitness (public)	2,000	2,000	2,000
Fitness (Dedicated CAA/NCCH)	1,200	1,200	1,200

7 ASSESSMENT OF VELODROME REVENUES AND EXPENSES

7.1 BASELINE ASSUMPTIONS

The assessment of financial feasibility for the velodrome requires recognition of a number of baseline assumptions contained in the projections of both revenues and expenses. These include the following key elements.

- The financial feasibility of the operations is not measured in terms of the ability of the facility to necessarily generate a positive net operating income. As a municipal facility which represents a legacy facility for community use and for the sport of cycling in Canada. This facility represents a public investment similar to other public buildings. Many of those do not have operating account which provide a revenue neutral or surface revenues over costs, that require some level of subsidy to meet annual deficits from facility and program operation. Notwithstanding, the facility is different than some other public buildings in that it represents a spectator events centre which can be expected to hold a range of Provincial, National and International cycling events. As such, the facility will generate revenues from ticketed events and will draw visitors from a range of geographic markets outside the local area – including international visitation of teams competing in events and spectators. The velodrome is therefore a unique building which has the potential to create significant economic impacts.
- As an events centre, the velodrome should not be compared to other event centres such as multi-use sports and entertainment centres which accommodate far larger spectator user audiences and much larger number of event days per year. The economic impact of the velodrome should therefore be judged on its merits taking into account the relative differences in the scale between it and major sporting venues elsewhere in the GTA and across the Country.
- The specifications of the building are as presented in the existing functional space program which is the subject of the current request for proposals for the design, construction and financing of the building. These specifications are subject to review by the Town of Milton currently to ensure that the Town’s full range of needs to meet its role as a cycling venue and community legacy facility are achieved.
- The track is to be designed to a standard which achieves Category 1 for homologation by UCI. With respect to the homologation of the facility as a whole, the current seat count of 1,500 permanent seats and 750 temporary seats for a total of 2,250 seats is assumed to result in the achievement of a Category 2 status. We understand that Toronto2015, with IO and the PDC are currently assessing the potential to achieve a greater number of seats in the facility. Specifically, we understand that the design process is underway to determine whether seating in excess of 2,500 seats can be achieved.
- The achievement of sufficient seating to host international events cannot be overestimated in terms of its impact on legacy provided by this facility. Based on the existing seat count, the business plan assumes that the velodrome in Milton can achieve a number of events which are typical of Category 2 facilities.

We have, as a firm previously been in contact with UCI to address a number of matters including the nature of track design itself, climate controls, presence of columns and the implications of varying seat capacities on status as a Category 1 and Category II facilities. Based on that, the following was observed:

- 2010: Vélodrome de Montichiari: 1,400 permanent expandable to 2,000 and this hosted the Junior World championships (Category 2 event); Sangalhos, Portugal, has 1,220 seats and is hosting the World Masters Championships.
- Based on this and the UCI specs, there is a question to be asked that this facility is indeed Category 1 (Elite World Championships) in overall anticipated homologation terms given the seat count and current design based on the presence of columns .

For purpose of this business plan, the facility is assumed to operate as a Category 2 cycling event centre. Should the file design achieve a sufficiently greater seating yield, the analysis can be revised to address the potential to hosting a Category 1 and elite world championships.

1. The facility is assumed to be built to the necessary standard of a fit-out and amenities to be a viable contender for international competitions. We know for example that the Velodrome in Los Angeles, the ADT Event Centre, has suffered as a premium international events centre as a result of being constructed with minimal investment in the quality and quantity of interior spaces and built-ins within the building.
2. The analysis assumes that sufficient parking is achieved both on and off site in meeting user needs as well as event day parking. It is further assumed that transit is developed to provide an alternative mode of transport to the site to alleviate any excess to demand parking on site.
3. Laurier University is not currently able to confirm its commitment to partnering in terms of commitment to capital, design specifications which would include University functional space needs or the potential for contributions to the management or operating costs associated with the facility. This is not to say that opportunities to partnership will not be achieved as greater clarity is provided in coming months with respect to the plans for the development of the satellite campus. However, as part of this analysis it must be assumed that the building is a stand-alone facility owned and operated by the Town (via a non-profit corporation) rather than involving the University.
4. The analysis assumes that there will be no long-term debt allocated to this facility and therefore no requirement to achieve a debt service ratio from annual operations.
5. As with any municipal capital facility, the Town's policy with respect to capital reserve funding is taken into account. **An interim estimate of \$250,000 per annum commencing in Year 1 is assumed. The final estimate will be a function of the resulting capital cost.**

7.2 SCENARIOS CONSIDERED

The assessment of indicative financial performance of the velodrome is based on the following framework:

Option A: Community Legacy Facility	Option B: Community Legacy with Laurier University
Scenario 1: Lower revenue potential, higher operating costs	Scenario 1: Lower revenue potential, higher operating costs
Scenario 2: Moderate revenue base	Scenario 2: Moderate revenue base
Scenario 3: Higher revenue potential	Scenario 3: Higher revenue potential

The impacts of Option A (community legacy without the presence of Laurier University), and Option B (community legacy with Laurier University present on the site) are described more fully in the sections which follow as are the details which underline the low, moderate and higher projections.

7.3 GENERAL ASSUMPTIONS

The following outlines the principle revenue and expense categories. Differences between the lower and higher net revenue projections are described below.

7.3.1 REVENUE SOURCES

This facility operates as a cycling first facility. This translates into a management approach which should ensure that the operation of the facility as an indoor track cycling venue and for local, regional, national and international users is maintained as a primary objective. At the same time, significant potential exists for community use both of the track and of the infield for a range of sports. The detailed financial analysis outlines which sports can be accommodated and Appendix A includes current configuration testing for alternative court sports.

The viability of the facility is predicated upon the achievement of revenue from alternative sources and its operation as a multi-use facility. Notwithstanding, the business case should also recognize that the adoption of the facility as a national home of cycling in Canada will ensure primacy of cycling in the facility and hence there may be some risk in the achievement of revenues from infield where such use conflicts with the operation of the track.

7.3.2 TRACK CYCLING

The facility is assumed to operate some 16 hrs a day from 7:00 in the morning to 11:00 at night. Evidence from around the world suggests that well equipped velodromes have significant potential to achieve high levels of utilization during the prime indoor cycling seasons. The opening times for the facility are maintained both in the scenarios which consider the absence of Laurier University as well as that which includes its existence as an adjacent user.

While in some instances it may be viable to keep resources open later into the evening to reflect the needs of the student body, it is anticipated that as a commuter campus first and foremost, there is unlikely to be a significant demand for late night infield court use at this location.

Exhibit 20 and Exhibit 21 show the winter and summer prime and non-prime time track usage which is projected for the facility under normalized operations. Exhibit 21 shows the available track hours which includes time allocated to events. Track revenues are reduced by the amount of time which is required for events and their set-up/take-down. The utilization is summarized – showing significant prime time utilization (close to 100%) during the fall and winter as is expected for this national facility, and the correspondently lower utilization during the summer.

Exhibit 20

Town of Milton Velodrome Business Plan - Community Legacy Stream

Track Cycling Revenue Base

Scenario 2

Program Elements	Program Type	User Type	Season	Timing	Period (Weeks)	Track Hours Per Week	Track Hours Per Period	Estimated Riders Per Session	Estimated Rider Hours
Training	Elite and Development	National/Provincial	Winter	Prime Time	32	18	576	20	11,520
Ontario Cycling Association	Accounted for with Training and NCCH	Provincial	Winter	Prime Time	32	0	0	20	0
National Cycling Centre Hamilton		Regional and Local Clubs	Winter	Prime Time	32	8	256	20	5,120
Membership Cycling Access	2 hrs prime time weekday, 4 hours prime time weekends		Winter	Prime Time	32	18	576	21	12,096
General Public - Induction and Instruction	Instruction Programs	3 session (2 hrs per session)	Winter	Prime Time	32	6	192	15	2,880
Club Track Rental		Regional and Local Clubs	Winter	Prime Time	32	12	384	25	9,600
Training	Elite and Development	National/Provincial	Winter	Non-Prime Time	32	8	256	20	5,120
National Cycling Centre Hamilton		Regional and Local Clubs	Winter	Non-Prime Time	32	2	64	20	1,280
School Use	4 hrs (2 groups x 2 hrs - 4 days a week)	across southern Ontario with potential from US markets	Winter	Non-Prime Time	32	16	512	25	12,800
General Public Drop-ins	2hrs weekday	session (2 hours): Track Accredited Riders	Winter	Non-Prime Time	32	10	320	5	1,600
Training	Elite and Development	National/Provincial	Summer	Prime Time	19	12	228	20	4,560
National Cycling Centre Hamilton		Regional and Local Clubs	Summer	Prime Time	19	4	76	20	1,520
Membership Cycling Access	2 hrs prime time weekday, 4 hours prime time weekends		Summer	Prime Time	19	18	342	15	5,130
General Public - Induction and Instruction	Instruction Programs	3 session (2 hrs per session)	Summer	Prime Time	19	6	114	5	570
Club Track Rental		Regional and Local Clubs	Summer	Prime Time	19	7	133	15	1,995

Exhibit 21

Town of Milton Velodrome Business Plan - Community Legacy Stream

Track Cycling Revenue Base

Scenario **2**

Program Elements	Program Type	User Type	Season	Timing	Period (Weeks)	Track Hours Per Week	Track Hours Per Period	Estimated Riders Per Session	Estimated Rider Hours
Training	Elite and Development	National/Provincial	Summer	Non-Prime Time	19	12	228	20	4,560
General Public Drop-ins	2hrs weekday	Drop in (2 hours): Track Accredited Riders	Summer	Non-Prime Time	19	10	190	5	950
Total									81,301

Total Available Track Hours	Winter	Summer	Total
Prime Time	2,144	1,273	3,417
Non-Prime Time	1,440	855	2,295
Total	3,584	2,128	5,712

Utilization

	Winter	Summer
Prime Time	2,108	921
% Utilization	98.3%	72.3%
Non-Prime Time	1,204	426
% Utilization	83.6%	49.8%
Total Hours	3,312	1,347
% Utilization	92.4%	63.3%
Prime Time	\$319,280	\$87,990
Non-Prime Time	\$111,840	\$27,550

7.3.3 NON-TRACK USES

The use of the infield and ancillary space in the building is captured in Exhibit 31 below. The actual programming of the in-field space is, of course, unknown at this time and would be expected to be more variable than for the track itself. The analysis therefore outlines those uses which can likely be accommodated in the in-field to a greater or lesser degree based on operational requirements of the track.

Estimated revenues are based on the potential allocation of time to each court activity, excluding the large single-field sports (soccer, football and hockey) which are assumed not to be programmed on a regular basis. The primary use is anticipated to be uses such as basketball, volleyball and badminton. We believe that over time additional revenue generating uses such as football can increase revenue yield.

We do not anticipate that utilization would be significantly below the estimates shown. Indeed, there may be potential for higher demand at this facility given the potential for patrons to take advantage of the track as a potential add-on to their other, primary activities at the facility, and vice versa.

Revenue projections for non-cycling uses are based on the existing rates charged by the Town of Milton.

Evidence suggests that a 200m running track on the infield may be architecturally feasible, however, questions of proper radius and compatibility with track cycling uses remain. As the priority and central use of the facility will be for high performance track cycling, a running track may represent a scheduling conflict, especially during winter months. Utilization of the running track would be highly limited.

Exhibit 22 shows the estimated use of the infield with the limiting assumption that all revenues are based on rental of the space. The opportunity exists for the Town to develop programming opportunities for the infield which can be tailored to the unique opportunity to having an indoor space at this site. Accordingly, it is possible that revenues can be increased over and above the projections shown by the adoption of a range of innovative programming developments specific to this building.

Exhibit 22

**Town of Milton Velodrome Business Plan - Community Legacy Stream
In-Field and Other Facility Revenue Generating Uses**

Scenario 2

A. In-field Sports Use

In-Field Activity	# of Courts or Surfaces	Standard Rate Per Hour per Court ¹	Affiliated Rate Per Hour per Court ¹	% used by Standard	% used by Affiliate	Total Per Hour Cost (Exclusive Use)	Potential Percentage Use	Available Hours Per Year Less Track Competition In-field Requirements	Weighted Revenue Per Hour ²	% Discount Rate (Risk Factor)	Annual Revenue
Soccer	1	\$147.88	\$98.26	40%	60%	\$118.11	0.00%		\$0.00		
Field Hockey	1	\$147.88	\$98.26	40%	60%	\$118.11	0.00%		\$0.00		
Box Lacrosse	1	\$147.88	\$98.26	40%	60%	\$118.11	0.00%		\$0.00		
Tennis	3	\$20.00	\$15.00	60%	40%	\$54.00	0.00%		\$0.00		
Badminton	9	\$20.00	\$15.00	60%	40%	\$162.00	15.00%	5,500	\$133,645.14		
Volleyball	3	\$20.00	\$15.00	40%	60%	\$51.00	35.00%		\$98,171.43		
Basketball	3	\$30.00	\$25.00	40%	60%	\$81.00	40.00%		\$178,193.52		
Other Floor Uses	3	\$49.29	\$32.75	40%	60%	\$118.11	10.00%		\$64,957.04		
Gymnastics	1	\$147.88	\$98.26	40%	60%	\$118.11	0.00%		\$0.00		
Average Cost Per Hour							100.00%		\$86.36	15%	\$168,688.55

Programming

# of 2 Hr Programs	# of Courts or Surfaces	Program Rate per participant	# of Participants	Available Hours Per Year	Risk Factor	Annual Revenue
0	3	\$45.00	10	107	15%	\$0.00

Exhibit 23**Town of Milton Velodrome Business Plan - Community Legacy Stream
In-Field and Other Facility Revenue Generating Uses**Scenario **2****B. Additional Fitness and Other Programs**

Additional Facility Activity	Drop-ins/ Membership / Program Registrants	Standard Rate Per Hour	Affiliated Rate Per Hour	Price (avg price for programs)	Days	Risk Factor	Total
Fitness Centre							
Annual Membership	200			\$413.73	NA		
30-Day Membership	100			\$45.51	NA		
90-Day Membership	100			\$124.12	NA		
Leased space to 3rd party operator of 0 sq ft at a per annum rate of \$0					NA		
Total						0%	\$187,006.00
Drop-ins/day	15			\$3.25	340	0%	\$16,575.00
Squash - Standard Rate Per Hour based on Utilization Rates ⁴				\$0 for Prime Time		0%	\$0.00
				\$0 for Non-Prime Time			\$0.00
City Fitness/Health and Wellness Courses ³		45		\$84.20	5 programs each offered 4 per year	0%	\$75,780.00
Meeting Room Rental		\$40.00	\$25.00	\$34.00	50 weeks per year	0%	\$20,400.00
3 rentals per week, 2 rooms, 2 hours per meeting with 60% Utilization by Standard							
Total							\$299,761.00

Notes:

- User rates based on Milton residents; in Scenario 1 (base case), revenues based on 100% rental of space (no direct programming); in Scenario 2 and 3, programming is included
- General Utilization at
 - 70% prime time Winter
 - 20% non-prime time Winter
 - 40% prime time Summer
 - 0% non-prime time Summer
- Range of Town Fitness courses (Yoga, Dance, Pilates, Zumba Fitness and other advertised Fitness programs) can be programmed with fees to facility net of direct program costs; average program fee based on Current Town Resident rate for a selection of fitness, pilates and other classes.
- Squash Utilization at
 - 80% prime time Winter
 - 20% non-prime time Winter
 - 25% prime time Summer
 - 20% non-prime time Summer

Notwithstanding the potential associated with the infield, , the greater likelihood is for some level of incompatibility between certain infield uses and the high speed cycling of the track itself. This may include natural conflicts between ball sports which despite netting may still cause distraction to riders, as well as the set-up and take-down requirements for certain sports which may raise issues for interference with track cycling and other activities.

Recognizing this, and that an effective management and operations response to combining multiple uses within this facility can occur only through the operation of the facility and learning overtime, supported by best practice elsewhere, it is likely that this will denude the revenues associated with infield sport. Accordingly, a discount factor is applied to reflect the potential for conflict. This is progressively reduced in Scenario 2 and Scenario 3 to reflect more efficient operations and the easing of any compatibility problems.

Exhibit 23 shows the additional gross revenues from fitness and other programs which can also occur in the facility. The achievement of these revenues is subject to confirmation that the functional space program can accommodate the spaces in question. The sizing of the spaces are fully detailed in Appendix A to this report. In Scenario 1, the operation of a small fitness centre is assumed to be undertaken by a private operator with the facility achieving a lease revenue. In Scenarios 2 and 3, the facility is assumed to act as operator of the centre. The additional activities also include some Town programming for a range of fitness and health and wellness courses.

The utilization for both the infield and the auxiliary spaces which can be programmed is considered reasonable.

7.3.4 TICKETED EVENTS

The facility is projected to hold events based on its Category 2 homologation and in recognition of the competitive process by which facilities are awarded major international tournaments. Exhibit 24 lists the major international tournaments which are relevant to this facility. All of these events are annual. Based on the likelihood of being able to achieve these events overtime, there is reasonable potential for the facility to accommodate up to 11-12 event days for track cycling related to major events. In addition, the existence of the velodrome offers the opportunity to develop a range of programs. It is likely that club track meets can be developed quickly which may or may not have significant spectator demand associated with them. There is potential for a number of other Provincial events– and the analysis estimates some 4 events, each of 1 day in duration.

The basis for estimating event revenues is conservative – in Scenario 1 the assumption is that the facility is rented by the event organizers with no risk attached to the facility itself in terms of the performance of the event. In Scenario 2 and 3, additional revenues are assumed based on a more active management of the facility and an achievement of a percentage of gate revenues. Notwithstanding Town policy for ticket surcharges, no ticket surcharges are attached to the ticketing for the Velodrome.

7.3.5 OTHER OPPORTUNITIES

Infield use opportunities also extend to a range of corporate events, trade shows and other activities including university convocations. The analysis is conservative in this regard reflective of the primary use of the facility as a cycling venue and the potential limits that may exist to seating on the infield and overall person load governed by the Ontario Building Code. Accordingly modest revenues are assumed from these opportunities.

Auxiliary revenues arising from corporate events, advertising, lease hold space, vending and concessions are sensitive to the range of amenities which are included in the velodrome. As the functional space program and capital cost estimates are further refined, it may be necessary to revise projections associated with auxiliary revenues. For example, analysis demonstrates the potential for tenant occupancies for several organizations which may generate the potential for as much as 4,000-5,000 sq. ft. of commercial office space. In addition, the opportunity exists for the development of a café as opposed to a pending area for a small concession space. However, these opportunities are highly dependent on the outcome of current functional space requirements and as such are not included. Our Scenarios include low, moderate and higher expectations with regard to the amount of space and therefore revenue associated with those items.

7.3.6 ADVERTISING AND NAMING RIGHTS

Naming rights are excluded as a source of annual operating income. It is assumed that the naming rights which will be achieved by the facility will be capitalized as an upfront payment to meet the capital funding requirements of the project. With respect to advertising throughout the building and particularly with regard to the field of play (comprising both the infield and the track), there are significant opportunities over the long-term, for revenues associated with track boards both on the floor of the track as well as rails, as well as infield advertising opportunities.

7.3.7 FACILITY EXPENSES

Estimated expenses vary by scenario . The estimated expenses for Scenarios 1, 2 and 3 are each included in the detailed profit and loss statements contained in Appendix F. Below is a generic schedule of expenses in the Velodrome which vary by scenario.

Exhibit 24

Town of Milton Velodrome Business Plan - Community Legacy Stream
Expenses - Schedule of Costs as applicable by Scenario

		City Own/Operate/Reference (Moderate) Revenues	Scenario			2
Expense Category	Description	Itemization of Cost				
1. Annual Payroll Costs						
(Ice Operations, Office and Concession)	Facility Manager/Sales Manager	1 FTE @	\$80,000 plus	21.00% Benefits		\$96,800.00
	Track and Program Manager	1.5 FTE @	\$65,000 plus	21.00% Benefits		\$117,975.00
	Customer Service/Reception	2 FTE @	\$32,400 plus	21.00% Benefits		\$78,408.00
	Operations/Facility Maintenance	2 FTE @	\$60,000 plus	21.00% Benefits		\$145,200.00
	Fitness Centre Co-ordinator	2 FTE @	\$32,400 plus	21.00% Benefits		\$78,408.00
	Cycling Instruction Coaching (General Public)	2 FTE @	\$37,000 plus	21.00% Benefits		\$89,540.00
	Sub-Total					\$606,331.00
	Payroll-related Expenses			6.00%		\$36,379.86
	Direct Programming Cost (labour) of City Programs		33.00% of program fee			\$25,007.40
	Event Staff					\$22,500.00
	Event Concession Staff	10 staff for 150 hours @ \$15/hr				Included in cost of sales
	Total Payroll, Occasional and Contribution to Direct Programming Labour					\$690,218.26
Operational Expenses						
2. Utilities			\$3.50 per square foot	120,000 sq.ft.		\$420,000.00
3. Other Operating Costs						
3a. Administration (Clothing, office supplies and equipment, communications, travel, professional dues)						\$20,000.00
3b. Bike Rental Maintenance Contract ¹	Assume 300 hours per year @		\$50.00 per hour			\$15,000.00
3c. Repair and Maintenance (incl. Elevator Servicing)	Assume 5% of revenues					\$65,401.31
3d. Janitorial contract and supplies	Washrooms, corridors, change rooms and offices plus cleaning of ir	\$3,200 per month	plus	\$30,000 supplies		\$68,400.00
3e. Grounds maintenance and Snow Removal	Supplies and equipment costs, City snow removal assumed					\$22,500.00
3f. Waste Management	Supplement to City Services as needed					\$10,000.00
Sub-Total Item 3						\$201,301.31
4 Marketing Costs			\$30,000 per year			\$30,000.00
5. Insurance			\$50,000 per year			\$50,000.00
6. Realty Taxes			\$0 per square foot			\$0.00
Sub-Total Operational Expenses						\$701,301.31
Sub-Total Payroll and Operational Expenses						\$1,391,519.57
7. Capital Reserve Fund			1.50% of original capital costs			\$250,000
8. Management Fee (as applicable)						\$0
Total Items 1-8						\$1,641,519.57

1. Excludes capital cost and depreciation of bike rental fleet

Given the volume of space that the velodrome comprises, and the realities of the Canadian winter, the utility cost represents a significant portion of the operating budget. They are also subject therefore to potential risk depending on the change in prices for heating and cooling of the building. The analysis estimates as a base case an average of \$3.50 per square foot of GFA resulting in some \$420,000 in annual utility costs. All expenses and revenues are subject to a 3% annual escalation. However, should utility rates increase by 10% for example, this would affect the operating costs by increments of \$40,000 annually. It is therefore in the interest in the Town of Milton to secure the necessary long-term agreements with respect to utility rates and/or provide a range of measures which tend to reduce utility costs compared with typical municipal facilities. To that end, we understand that the Town is currently investigating opportunities for linking the Velodrome to a broader district heating infrastructure project that will be based on the application of geothermal technology. Should this be successfully achieved, this may reduce the risk associated with utility costs for the building and may result in a significant cost savings. As to the quantum of the cost savings and any upfront capital costs necessary to create the infrastructure, this specific information is not available at this time.

7.3.8 SUMMARY OF SCENARIOS

Scenario 1: Lower revenue potential, higher operating costs	Scenario 2: Moderate revenue base	Scenario 3: Higher revenue potential
<ul style="list-style-type: none"> Municipal Ownership and operation through a non-profit corporation 	<ul style="list-style-type: none"> Municipal Ownership and Operation through a non-profit Corporation No change compared with Scenario 1 for track demand or space utilization 	<ul style="list-style-type: none"> Municipal Ownership and Operation through a non-profit Corporation Builds upon Scenario 2 but with modest incremental increase in track rental rates
<ul style="list-style-type: none"> Higher staffing costs 	<ul style="list-style-type: none"> Track rental rates consistent with levels previously agreed to by major cycling bodies 	<ul style="list-style-type: none"> Lower risk associated with achieving infield revenues
<ul style="list-style-type: none"> Small commercial tenant lease space opportunities (CCA only) and rental of fitness space to 3rd party operator with no access to performance share of revenues from fitness centre operation 	<ul style="list-style-type: none"> Labour costs reflect the specification of this building as a high performance centre 	<ul style="list-style-type: none"> High leasable tenant space (3,000 sq. ft.)
<ul style="list-style-type: none"> Revenues from events based solely on rental of facility 	<ul style="list-style-type: none"> Ticketed events revenue based on 10% gate revenue plus base rent 	<ul style="list-style-type: none"> Retail concession space of 2,000 sq. ft.
<ul style="list-style-type: none"> Lower estimates of achievable track rental rate 	<ul style="list-style-type: none"> Municipality operates fitness centre 	
<ul style="list-style-type: none"> Higher risks associated with revenues from the infield compared to Scenarios 2 and 3 	<ul style="list-style-type: none"> Food concession tended to by private operator; municipal share is 50% of gross margin 	
<ul style="list-style-type: none"> Small food concession owned and operated by the Town of Milton 	<ul style="list-style-type: none"> 2,000 sq.ft. of tenant space (assumed to be CCA or other cycling body) 	

Scenario 1 represents a worse case revenue picture in large part because the estimate of track revenues is based on hourly rates which are below rates which have been deemed acceptable by the major cycling organizations. In addition, events at the centre are based only on facility rental revenues rather than a share of the financial performance of events hosted. Moreover, higher discounts are applied to revenues to reflect any incompatibility between track and infield uses.

7.3.9 IMPACTS OF LAURIER UNIVERSITY ON-SITE

The following outlines the key impacts associated with the development of a satellite campus by Laurier University and its impacts on the use and operation of the performance of a facility.

Size of Campus and Opening Time	<ul style="list-style-type: none"> Anticipated Opening (if approved) 2015/2016 based on an initial campus of 3,000 students on one or more buildings. Campus can be expected to grow over 10 to 15 years to a maximum of 10,000 to 15,000 students.
Core University Needs	<ul style="list-style-type: none"> Athletics and recreation centre in the range of 8,000 to 10,000 sq.ft. for 15,000 student campus. Initial requirements for 3,000 students expected to be 2,000 to 3,000 sq.ft.
University Athletics and Recreation Centre	<ul style="list-style-type: none"> The existing fitness centre programs in the Velodrome would be given over to the University plus additional meeting room space as achievable through the functional space program. No rent associated with this space payable to the Town.
Gymnasium Space	<ul style="list-style-type: none"> Presence of student body likely to increase nominal utilization in both prime and non-prime time during the fall/winter. Potentially higher “per use” revenues associated from access to the track in non-prime time should the market for school user and other non-prime time users allow.
Retail within building	<ul style="list-style-type: none"> The viability of retail in the Velodrome is likely to be enhanced by the presence of the ready market of students adjacent to the Velodrome. However, the ability to accommodate this additional potential commercial floor space will be determined by the functional space program and capital cost estimates for creating additional retail space.

Food and Beverage	<ul style="list-style-type: none"> ▪ The potential for a café or small restaurant is enhanced by the presence of the University. However given space constraints and uncertainty as to what food and beverage components would be part of the University campus itself, no change is made to the assumptions of food and beverage within the velodrome infield.
Events	<ul style="list-style-type: none"> ▪ Presence of the University may increase the opportunities for rental of the infield for entertainment events and/or student gatherings including convocation during the summer.

7.4 RANGE OF DEFICIT

7.4.1 COMMUNITY LEGACY FACILITY EXCLUDING LAURIER UNIVERSITY

Exhibit 25 shows the comparative results of all three scenarios for years 1 to 3 below.

Exhibit 25

Town of Milton Velodrome Business Plan - Community Legacy Stream

Financial Feasibility Analysis

3 Year Operating Revenue/Cost Projections

Assumes Year 1 @ 85%, ramp-up to 100% in Year 2 and then Normalised Revenues/Costs

	Year 1			Year 2			Year 3		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Revenue									
Track Cycling Program									
Training -Elite and Development	\$119,272	\$137,292	\$153,136	\$140,320	\$161,520	\$180,160	\$144,530	\$166,366	\$185,565
School and Other Day-Time Use (corporate)	\$43,520	\$52,224	\$56,576	\$51,200	\$61,440	\$66,560	\$52,736	\$63,283	\$68,557
Membership Cycling Access	\$150,926	\$157,658	\$163,846	\$177,560	\$185,480	\$192,760	\$182,887	\$191,044	\$198,543
Club Track Rental	\$50,473	\$59,262	\$68,051	\$59,380	\$69,720	\$80,060	\$61,161	\$71,812	\$82,462
General Public Drop-ins	\$14,238	\$14,238	\$14,238	\$16,750	\$16,750	\$16,750	\$17,253	\$17,253	\$17,253
Instruction Programs	\$43,988	\$43,988	\$43,988	\$51,750	\$51,750	\$51,750	\$53,303	\$53,303	\$53,303
Major Spectator Events	\$28,050	\$84,163	\$128,686	\$33,000	\$99,015	\$151,395	\$33,990	\$101,985	\$155,937
Total Track Cycling Program	\$450,466	\$548,824	\$628,520	\$529,960	\$645,675	\$739,435	\$545,859	\$665,045	\$761,618
In-Field and Other Facility Uses									
In-Field Rentals	\$126,516	\$143,385	\$151,820	\$148,843	\$168,689	\$178,611	\$153,308	\$173,749	\$183,970
Fitness Centre	\$18,700	\$173,044	\$177,740	\$22,000	\$203,581	\$209,106	\$22,660	\$209,688	\$215,379
Spin, Fitness and Other City Programs	\$57,256	\$64,413	\$64,413	\$67,360	\$75,780	\$75,780	\$69,381	\$78,053	\$78,053
Meeting Room Rentals	\$17,340	\$17,340	\$17,340	\$20,400	\$20,400	\$20,400	\$21,012	\$21,012	\$21,012
Total In-Field and Other Facility Use	\$219,812	\$398,182	\$411,313	\$258,603	\$468,450	\$483,897	\$266,361	\$482,503	\$498,414
Ancillary Revenues									
Event Concession and Vending Revenue	\$70,980	\$36,466	\$39,152	\$83,505	\$42,902	\$46,061	\$86,011	\$44,189	\$47,443
Commercial and Other Lease	\$26,775	\$34,850	\$51,000	\$31,500	\$41,000	\$60,000	\$32,445	\$42,230	\$61,800
Advertising	\$30,600	\$40,800	\$40,800	\$36,000	\$48,000	\$48,000	\$37,080	\$49,440	\$49,440
Corporate Marketing Events	\$27,200	\$27,200	\$27,200	\$32,000	\$32,000	\$32,000	\$32,960	\$32,960	\$32,960
Tenant Lease	\$7,650	\$25,500	\$38,250	\$9,000	\$30,000	\$45,000	\$9,270	\$30,900	\$46,350
Total Ancillary Revenues	\$163,205	\$164,816	\$196,402	\$192,005	\$193,902	\$231,061	\$197,766	\$199,719	\$237,993
Total Revenue	\$833,483	\$1,111,822	\$1,236,235	\$980,568	\$1,308,026	\$1,454,394	\$1,009,985	\$1,347,267	\$1,498,026
Direct Expenses (cost of sales incl. ticketing service)	(\$53,235)	(\$23,703)	(\$25,449)	(\$62,629)	(\$27,886)	(\$29,940)	(\$64,508)	(\$28,723)	(\$30,838)
Gross Margin	\$780,248	\$1,088,119	\$1,210,786	\$917,939	\$1,280,140	\$1,424,454	\$945,477	\$1,318,544	\$1,467,188
Expenses									
Payroll (Labour)	(\$642,805)	(\$690,218)	(\$690,218)	(\$642,805)	(\$690,218)	(\$690,218)	(\$662,089)	(\$710,925)	(\$710,925)
Utilities	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$432,600)	(\$432,600)	(\$432,600)
Other Operating Costs									
Administration	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,600)	(\$20,600)	(\$20,600)
Bike Rental Maintenance Contract	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,450)	(\$15,450)	(\$15,450)
Repair and Maintenance	(\$49,028)	(\$65,401)	(\$72,720)	(\$49,028)	(\$65,401)	(\$72,720)	(\$50,499)	(\$67,363)	(\$74,901)
Janitorial Contract and Supplies	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$70,452)	(\$70,452)	(\$70,452)
Grounds Maintenance and Snow Removal	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$23,175)	(\$23,175)	(\$23,175)
Waste Management	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,300)	(\$10,300)	(\$10,300)
Marketing	(\$33,600)	(\$34,800)	(\$34,800)	(\$33,600)	(\$34,800)	(\$34,800)	(\$34,608)	(\$35,844)	(\$35,844)
Insurance	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$51,500)	(\$51,500)	(\$51,500)
Realty Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses (Excl. Debt and Capital Reserve)	(\$1,331,334)	(\$1,396,320)	(\$1,403,638)	(\$1,331,334)	(\$1,396,320)	(\$1,403,638)	(\$1,371,274)	(\$1,438,209)	(\$1,445,747)

Town of Milton Velodrome Business Plan - Community Legacy Stream

Financial Feasibility Analysis

3 Year Operating Revenue/Cost Projections

Assumes Year 1 @ 85%, ramp-up to 100% in Year 2 and then Normalised Revenues/Costs

	Year 1			Year 2			Year 3		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Net Income (NOI) Before Capital Reserve	(\$551,085)	(\$308,200)	(\$192,852)	(\$413,394)	(\$116,179)	\$20,816	(\$425,796)	(\$119,665)	\$21,440
Capital Reserve	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
NOI after Capital Reserve	(\$801,085)	(\$558,200)	(\$442,852)	(\$663,394)	(\$366,179)	(\$229,184)	(\$675,796)	(\$369,665)	(\$228,560)
Legacy Fund required	\$801,085	\$558,200	\$442,852	\$663,394	\$366,179	\$229,184	\$675,796	\$369,665	\$228,560
NOI after Legacy Fund required	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The results of the analysis include the assumption that normalised operations are achieved in Year 2. In year 1, there is a limit on the achievement of potential revenues owing to the requirement for management to increase efficiency, learn on the job, develop and refine the marketing of the facility and work to resolve scheduling conflicts between the track and the in-field. To reflect this eventuality, revenues in year 1 are discounted by 15%, while 100% of facility expenses are maintained.

Scenario 1, as a worst case scenario is unlikely to be realized. Part of the reason for its relative highly deficits is not only reduced revenues from track, but also the leasing of fitness space to a tenant-operator rather than engaging in the operation of the fitness centre itself. Given the Town is in the business of operating fitness centres, and scenarios 2 and 3 assume this, the gap between the worst case scenario 1 and scenarios 2 and 3 can be reduced by operating the fitness centre in scenario 1.

Scenario 2 represents the most likely financial performance scenario and is based on moderate assumptions with regard to both the revenues achieved from track and infield, but also with regard to track compatibility issues, revenues from events, and providing food concession operations to the private sector. In addition, labour costs in particular are raised to reflect the need for specialist employment skills associated with the Velodrome.

Scenario 2 also reflects a modest approach to the amount of leasable tenant and retail space that can be achieved within the existing building envelope. Scenario 2 returns a deficit in year 2 of \$116,000.

Scenario 3 mirrors Scenario 2 with the exception that it reflects the impacts of incremental improvements in track revenue arising from a moderate increase in achievable track rental rate, moderately higher share of gate revenues from events, and lower conflict between uses in the building.

7.4.2 COMMUNITY LEGACY FACILITY INCLUDING LAURIER UNIVERSITY

The results of the financial analysis of projected operating revenues and expenses which include Laurier University are presented below.

Exhibit 26

Town of Milton Velodrome Business Plan - Community Legacy Stream including Laurier

Financial Feasibility Analysis

3 Year Operating Revenue/Cost Projections

Assumes Year 1 @ 85%, ramp-up to 100% in Year 2 and then Normalised Revenues/Costs

	Year 1			Year 2			Year 3		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Revenue									
Track Cycling Program									
Training - Elite and Development	\$119,272	\$137,292	\$153,136	\$140,320	\$161,520	\$180,160	\$144,530	\$166,366	\$185,565
School and Other Day-Time Use (corporate)	\$43,520	\$52,224	\$56,576	\$51,200	\$61,440	\$66,560	\$52,736	\$63,283	\$68,557
Membership Cycling Access	\$150,926	\$157,658	\$163,846	\$177,560	\$185,480	\$192,760	\$182,887	\$191,044	\$198,543
Club Track Rental	\$50,473	\$59,262	\$68,051	\$59,380	\$69,720	\$80,060	\$61,161	\$71,812	\$82,462
General Public Drop-ins	\$14,238	\$14,238	\$14,238	\$16,750	\$16,750	\$16,750	\$17,253	\$17,253	\$17,253
Instruction Programs	\$43,988	\$43,988	\$43,988	\$51,750	\$51,750	\$51,750	\$53,303	\$53,303	\$53,303
Major Spectator Events	\$28,050	\$84,163	\$128,686	\$33,000	\$99,015	\$151,395	\$33,990	\$101,985	\$155,937
Total Track Cycling Program	\$450,466	\$548,824	\$628,520	\$529,960	\$645,675	\$739,435	\$545,859	\$665,045	\$761,618
In-Field and Other Facility Uses									
In-Field Rentals	\$150,212	\$170,240	\$180,255	\$176,720	\$200,283	\$212,064	\$182,022	\$206,291	\$218,426
Fitness Centre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Spin, Fitness and Other City Programs	\$57,256	\$64,413	\$64,413	\$67,360	\$75,780	\$75,780	\$69,381	\$78,053	\$78,053
Meeting Room Rentals	\$28,900	\$28,900	\$28,900	\$34,000	\$34,000	\$34,000	\$35,020	\$35,020	\$35,020
Total In-Field and Other Facility Use	\$236,368	\$263,553	\$273,568	\$278,080	\$310,063	\$321,844	\$286,423	\$319,365	\$331,499
Ancillary Revenues									
Event Concession and Vending Revenue	\$73,723	\$38,021	\$41,210	\$86,733	\$44,731	\$48,482	\$89,335	\$46,073	\$49,937
Commercial and Other Lease	\$51,000	\$51,000	\$51,000	\$60,000	\$60,000	\$60,000	\$61,800	\$61,800	\$61,800
Advertising	\$30,600	\$40,800	\$40,800	\$36,000	\$48,000	\$48,000	\$37,080	\$49,440	\$49,440
Corporate Marketing Events	\$37,400	\$37,400	\$37,400	\$44,000	\$44,000	\$44,000	\$45,320	\$45,320	\$45,320
Tenant Lease	\$19,125	\$19,125	\$19,125	\$22,500	\$22,500	\$22,500	\$23,175	\$23,175	\$23,175
Total Ancillary Revenues	\$211,848	\$186,346	\$189,535	\$249,233	\$219,231	\$222,982	\$256,710	\$225,808	\$229,672
Total Revenue	\$898,682	\$998,723	\$1,091,622	\$1,057,274	\$1,174,969	\$1,284,262	\$1,088,992	\$1,210,218	\$1,322,789
Direct Expenses (cost of sales incl. ticketing service)	(\$55,293)	(\$24,714)	(\$26,787)	(\$65,050)	(\$29,075)	(\$31,514)	(\$67,002)	(\$29,947)	(\$32,459)
Gross Margin	\$843,390	\$974,010	\$1,064,836	\$992,223	\$1,145,894	\$1,252,748	\$1,021,990	\$1,180,270	\$1,290,330
Expenses									
Payroll (Labour)	(\$642,805)	(\$607,106)	(\$607,106)	(\$642,805)	(\$607,106)	(\$607,106)	(\$662,089)	(\$625,319)	(\$625,319)
Utilities	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$420,000)	(\$432,600)	(\$432,600)	(\$432,600)
Other Operating Costs									
Administration	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,600)	(\$20,600)	(\$20,600)
Bike Rental Maintenance Contract	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,000)	(\$15,450)	(\$15,450)	(\$15,450)
Repair and Maintenance	(\$52,864)	(\$58,748)	(\$64,213)	(\$52,864)	(\$58,748)	(\$64,213)	(\$54,450)	(\$60,511)	(\$66,139)
Janitorial Contract and Supplies	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$68,400)	(\$70,452)	(\$70,452)	(\$70,452)
Grounds Maintenance and Snow Removal	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	(\$23,175)	(\$23,175)	(\$23,175)
Waste Management	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,300)	(\$10,300)	(\$10,300)
Marketing	(\$33,600)	(\$34,800)	(\$34,800)	(\$33,600)	(\$34,800)	(\$34,800)	(\$34,608)	(\$35,844)	(\$35,844)
Insurance	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$51,500)	(\$51,500)	(\$51,500)
Realty Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses (Excl. Debt and Capital Reserve)	(\$1,335,169)	(\$1,306,554)	(\$1,312,019)	(\$1,335,169)	(\$1,306,554)	(\$1,312,019)	(\$1,375,224)	(\$1,345,751)	(\$1,351,379)

Town of Milton Velodrome Business Plan - Community Legacy Stream including Laurier

Financial Feasibility Analysis

3 Year Operating Revenue/Cost Projections

Assumes Year 1 @ 85%, ramp-up to 100% in Year 2 and then Normalised Revenues/Costs

	Year 1			Year 2			Year 3		
	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Net Income (NOI) Before Capital Reserve	(\$491,779)	(\$332,545)	(\$247,183)	(\$342,945)	(\$160,661)	(\$59,271)	(\$353,234)	(\$165,480)	(\$61,049)
Capital Reserve	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
NOI after Capital Reserve	(\$741,779)	(\$582,545)	(\$497,183)	(\$592,945)	(\$410,661)	(\$309,271)	(\$603,234)	(\$415,480)	(\$311,049)
Legacy Fund required	\$741,779	\$582,545	\$497,183	\$592,945	\$410,661	\$309,271	\$603,234	\$415,480	\$311,049
NOI after Legacy Fund required	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The impact of the University obtaining full access to the fitness centre in exchange for its capital contribution removes revenues from the facility, with a marginal offsetting effect of higher potential utilization of the in-field and ancillary spaces.

The impact is such that Scenario 2 returns an operating deficit in the region of \$160,000 before capital reserve.

8 RISK ANALYSIS

8.1 DEVELOPMENT, DESIGN AND CONSTRUCTION RISKS

A range of risks exist some of which are listed below.

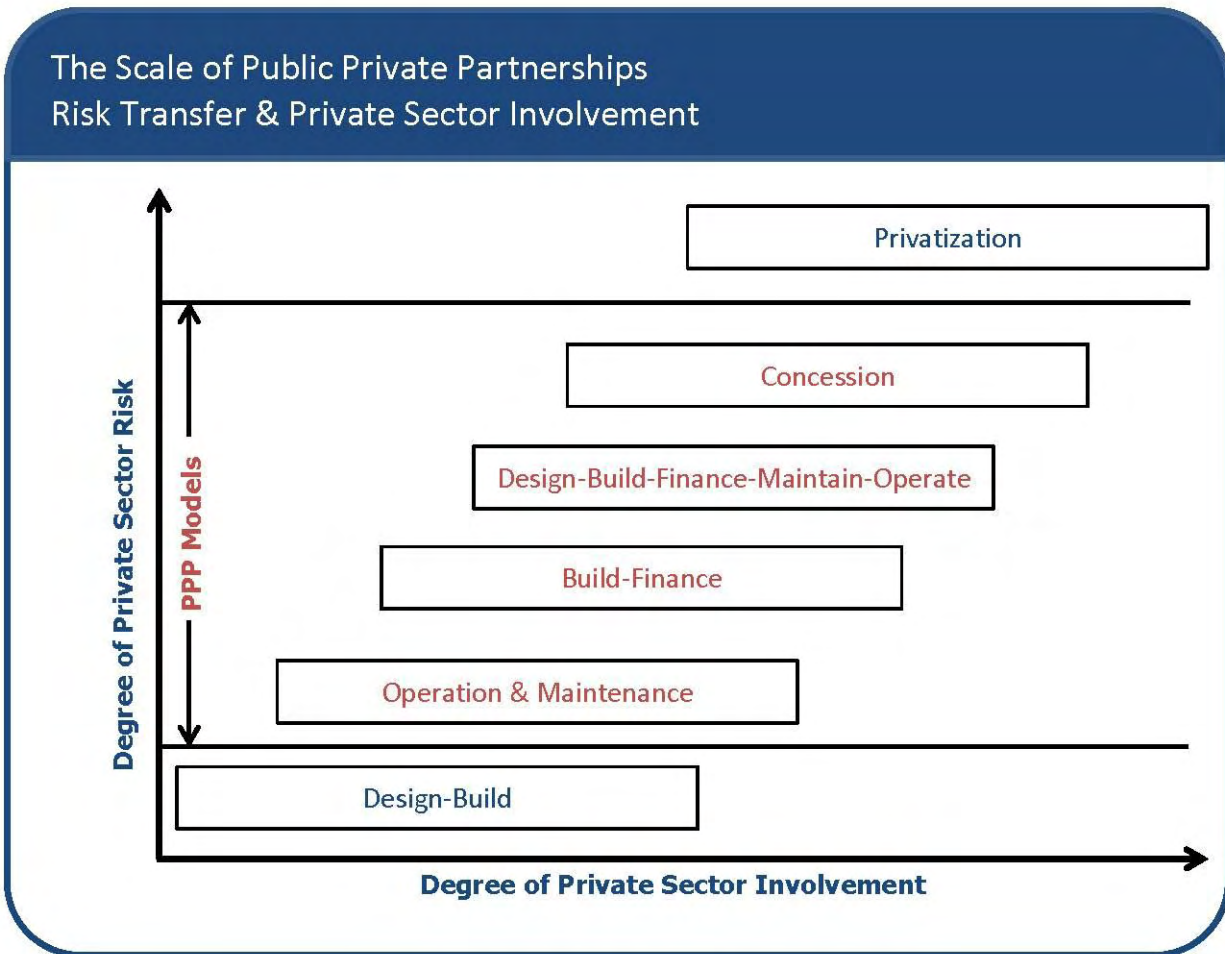
All construction projects involve risk in their design, development and construction. These risks relate to a range of factors including the following principle elements:

- Insufficient detail in design leading to scope creep to meet anticipated functional requirements - there is significant risk in a project failing to meet its functional program requirements through insufficient definition of these functional requirements and their translation into program design and performance specifications. This translates into longer timeframes for completion and often increases in capital costs as well as insufficiencies in design and layout of buildings;
- Design errors and omissions – this is the risk associated with building features and requirements being either underrepresented or absent and necessitating attached design and construction solutions and potential cost additions in addition to usual project delays associated with such changes in scope. Additionally, there is an ultimate risk in any development project that the intended design is not fulfilled due the failure of the constructor to build the facility to design;
- Procurement risks – these risks pertain to problems which arise between prospective contractors and the procurement agencies (e.g. the Municipality);
- Construction delays – from a variety of potential sources related to overall management, individual trades, materials or unforeseen site-related matters; and
- Cost overruns – for a variety of reasons, there is a risk associated with the capital cost as estimated in the design stage.

8.1.1 DESIGN, COST AND CONSTRUCTION RISKS MITIGATED

1. The above risks are to be mitigated through the chosen delivery method for the facilities which are to be constructed for the Pan Am Games. Infrastructure Ontario is utilizing a process of Alternative Financing and Procurement (AFP) to engage the private sector in the design, development and financing of games venues and to do so on the basis of a competitive bid process.

Exhibit 27: Scale of Public Private Partnerships



The extent of the private sector involvement and therefore the degree of project risk transferred to the private sector varies depending on the type of private sector partnership. In this first limited form, the involvement of the private sector is in the provision of the design-build services whereby the design and construction (not necessarily the financing) is undertaken by the private sector. Ownership and operation of the facility when complete remains with the public sector. At the other end of the spectrum is full out privatization whereby the private sector fully substitutes the public sector in the provision of the facility, service or other activity under consideration. Between these two limits, lie a range of risk transfer mechanisms which have proven valuable to a number of municipalities in the delivery of large scale, long term capital facilities.

The reduction of risk to the public sector, including the Town of Milton as partner to the funding of the development, results in capital cost increases over the base costs of construction and associated soft costs (design, contingency, project management and other) to account for the adoption of project design and construction risk by the private partner. The form of AFP in place for the Velodrome is the following:

- Design-build-finance (DBF) –a form of public private partnership or AFP whereby a municipal capital facility is designed, constructed and financed to completion by the private sector on behalf of the municipality or other public sector organization which has the use of the facility. Financing by the proponent is limited to construction financing and all obligations for funding the capital cost of the

development fall to the funding partners (Government of Canada and Town of Milton) upon delivery of the building.

8.2 OPERATING RISKS

Facilities, and in particular public sector municipal capital facilities have a number of operating risks related to revenue generation, operating costs reduction and expense management, effective programming and facility utilization, and attention to opportunities for marketing additional services and identification of revenue sources. Principle operating risks for this facility include:

- Revenue Risk - as in any exercise, the budgeting and estimating process with regard to operating performance should be developed as the design of the facility is further specified, as partners are made known, as more certainty exists regarding the range of operating costs closer to the time of the commissioning of the building. Achieving events through competition bids is risky. As discussed, significant discounts have therefore been applied to the event calendar as well as revenues generated by each event.
- Operating costs risk – there is a risk that the operating cost would be higher than projected due to the range of factors some of which can be estimated and some of which are difficult to estimate in advance. Items such as increased utility costs, unforeseen repairs and maintenance cost, higher management costs and a range of other factors which can affect the financial performance of large scale facilities.
- Management performance – the management performance is a significant risk and can often be the difference between revenue growth and revenue attrition. The approach of the management team to operating the facility and all respects relating to marketing and services provided to both patrons and suppliers, and the overall environment in which the facility is marketed and positioned, is of significance to the success of any facility.
- Compatibility of uses present in facility – specific to the Velodrome, there is a risk as addressed in the foregoing financial feasibility analysis, that conflict arises between the primacy of the track use and the potential for revenue generation in the infield. The financial feasibility analysis accounts for the likelihood of this risk.

Risk mitigation strategies that can be undertaken to reduce the range and scale of risks include:

- High quality management of the facility – a key feature of risk mitigation which is based on utilization of industry expertise to maximise the revenue that the facility and ensure efficient operation and cost reduction in operating expenses;
- Minimize lifecycle costs through lifecycle cost planning – this can include the provision of capital reserve budget to meet facility cost in future years; and
- Pre-opening business planning – it is important that a detailed design and functional program is established for the facility, and potential programming and revenue opportunities is created for the operations of the facility, that a detailed plan of action is undertaken to create the necessary departmental operating cost budgets, marketing resource requirements, and preopening expenses

to ensure that the facility operating plans and forecasts are as rigorous as possible and are aligned with the actual facility that has been designed and built.

9 ECONOMIC IMPACT ESTIMATES

The following outlines a preliminary quantitative analysis of economic impact resulting from the construction and operation of the Milton Velodrome:

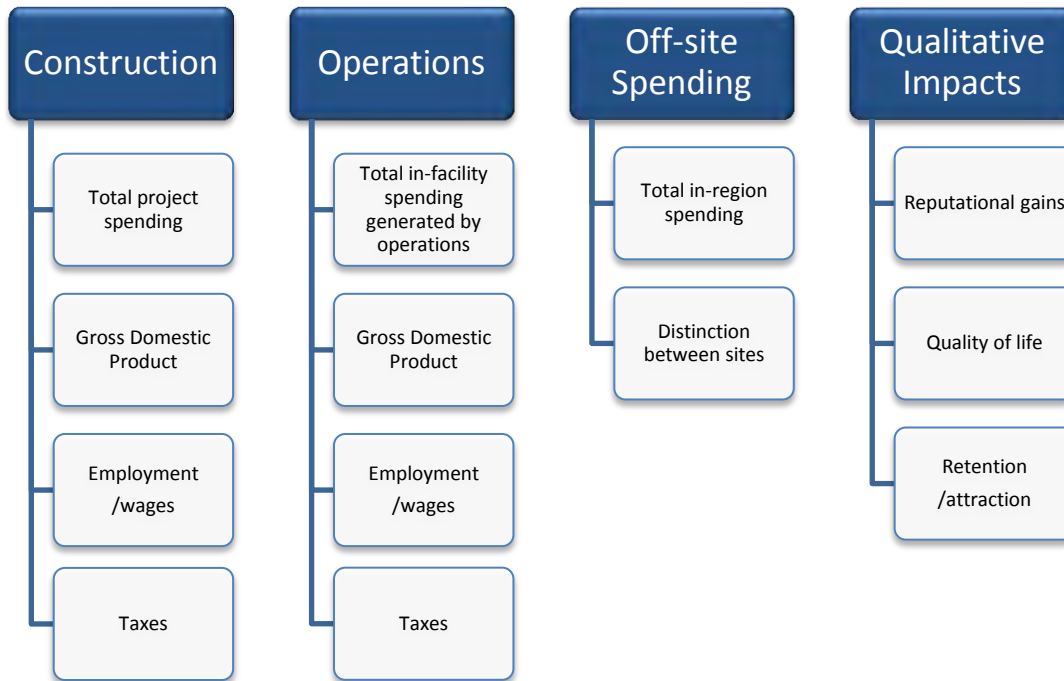
1. Estimating the economic impact of **construction** of the velodrome facility in terms of a range of measures: Gross Domestic Product (GDP), capital spending, income, employment, as well as income taxes generated locally, provincially and nationally;
2. The impacts of **velodrome operations** with regard to employment and estimates of provincial and federal income taxes generated; and
3. The impact of spending off-site by visitors attending velodrome events.

The nature of the facility “as a one of a kind” recreation and event centre in the Country will ensure that much of the benefit is net additional to the economy. It is recognized however, that the presence of the Velodrome can be expected to negatively impact the operations of the Forest City Velodrome unless the growth in uptake of track cycling at the Milton facility results in replacement demand for track time in London.

9.1 ILLUSTRATIVE ECONOMIC IMPACTS OF A VELODROME IN MILTON

The following economic impact analysis examines the scale of economic contribution of a potential velodrome facility to the local, regional, provincial and national economies. The following exhibit illustrates the range of economic impact measures.

Exhibit 28: Range of Economic Impact Measures



Each measure of economic impact can be further distinguished as either a direct, indirect or induced impact. Direct impacts are one-time investments, spending or direct employment created by an investment such as the development of the facility. Indirect impacts are employment or spending impacts created in other industries in order to produce the materials (goods) and other inputs (services) necessary for the construction work or those necessary for the ongoing operations of the facility. Induced impacts are employment or spending impacts created throughout the economy resulting from the expenditure of incomes generated through the direct and indirect impacts¹⁶.

With very few exceptions, velodromes typically operate on an annual deficit. This annual cost of operations is, however, offset by the economic and social benefits which the facility provides to the community.

Spending at the facility and off-site spending can generate significant annual impacts.

¹⁶ Input-output multipliers are derived from "open" system input-output tables prepared by Statistics Canada, for 2008 latest available year. They are used to assess the effects on the economy of an initial investment (exogenous change in final demand for the output of a given industry) and its related impacts in the rest of the economy. National multipliers can be provided using a "partial closed" economic system approach which results in estimates of direct, and an aggregate of indirect and induced impact are provided; provincial multipliers do not estimate induced impacts (as they are open system accounts). However, they provide estimates of in-province impact versus impacts in the rest of Canada and therefore are more appropriate for the geographic specificity of the impact assessment. Induced impacts have very little local impact but are spread across the economy; Input-Output tables used by Sierra Planning and Management are based on the Provincial Input-Output tables for the Province of Ontario for 2008.

Exhibit 29: How Facility Operations Create Impact

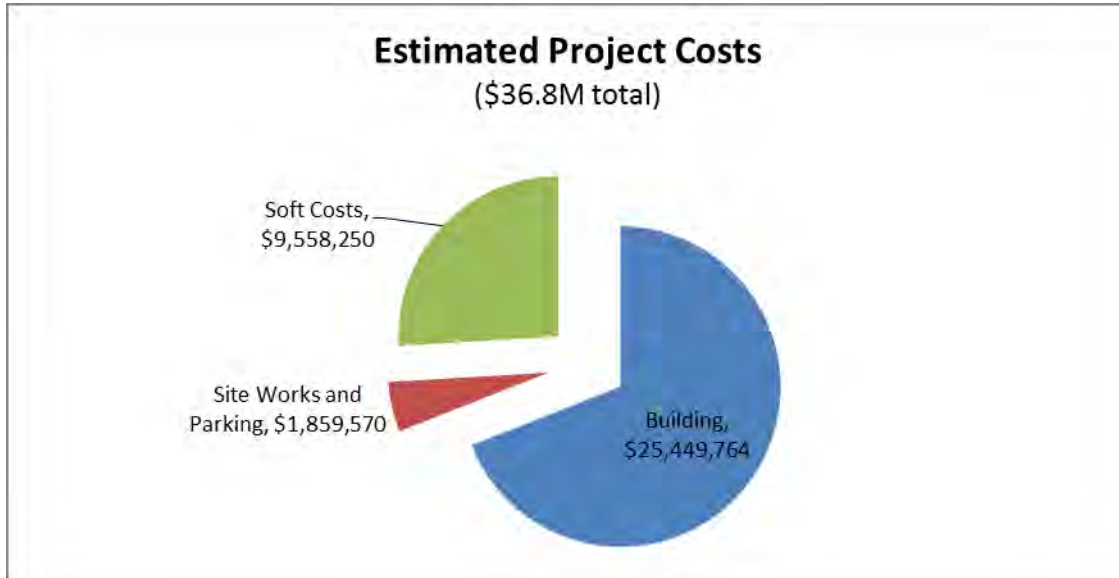


The results of this analysis should be treated as a guideline to economic impact of the velodrome based on the range of assumptions regarding its design, scale, and operations. Should any of the key assumptions which underlie the analysis change, the economic impacts can be expected to vary. Importantly, the analysis of impact assumes that the macro-economic environment remains stable and that normal business cycles are assumed to occur.

9.2 ECONOMIC IMPACTS OF VELODROME CONSTRUCTION

The Velodrome will be a new facility for Milton. There will be one-time economic spin-offs from construction relative to the scale of the capital project, and to the extent to which labour and materials are sourced locally.

For purposes of illustrating the potential economic impacts from construction of a velodrome in Milton, the analysis assumes the development of a 1,500 permanent seat facility (2,250 seat capacity in total)

Exhibit 30

Source: Sierra Planning & Management

Note, these are capital costs associated with economic impact and include labour and materials but exclude a range of other non-material/non-construction cost elements including cost contingencies, financing costs and cost escalations among other items.

9.2.1 GROSS DOMESTIC PRODUCT (GDP) IMPACTS FROM CONSTRUCTION ACTIVITY

Gross Domestic Product (GDP) is an alternative measure of impact and conceptually equates to measures of economic production (output), income (employment income plus profit for owners and corporations) and spending¹⁷. The following estimates of GDP as a measure of impact of the construction of the facility include direct impacts, in-province indirect impacts and “rest of Country” indirect impacts.

¹⁷ The production approach to measuring GDP estimates the value of an output (goods or services) less the value of inputs used in the output’s production process; The income approach to measuring GDP estimates the wages (individuals) and profits (owners and corporations) arising from the production of good and services; and, the spending approach to measuring GDP estimates total expenditure on finished or final goods and services produced in the domestic economy.

Exhibit 31



Source: Sierra Planning & Management Economic Impact Model, utilizing Statistics Canada Industry Accounts Division, System of National Accounts, Input-Output Tables, 2008, Province of Ontario

Exhibit 32



Source: Sierra Planning & Management Economic Impact Model, utilizing Statistics Canada Industry Accounts Division, System of National Accounts, Input-Output Tables, 2008, Province of Ontario

GDP from Construction Activity		
	Construction	Consulting
Direct	\$14,334,436.71	\$6,587,761.25
Direct & Indirect (In Province)	\$20,798,962.93	\$8,431,336.17
Direct & Indirect (All Provinces)	\$22,240,079.85	\$8,726,327.95
Indirect (In-Province)	\$6,464,526.22	\$1,843,574.92
Indirect (All Other Provinces)	\$1,441,116.92	\$294,991.78

Total direct and indirect GDP Impacts from construction activity in-Province are estimated to total over \$29M. The figures include GDP impacts from both construction related costs as well as consulting related or soft costs.

9.2.2 CONSTRUCTION RELATED EMPLOYMENT IMPACTS

The employment totals shown below represent person years of employment. The employment generated during the design and construction phase of the project is not enduring employment – it represents a one-time impact arising from the capital expenditures on development. Irrespective, the combined effect of the design and construction is highly significant – about 255 person years of employment in-Province. The concept of person years represents the total amount of employment created by an investment as a multiple of a single FTE positions and assuming the average wage, supplementary benefits and other employer costs per FTE position.

Construction Related Employment Estimates (Person Years of Employment)

	In-Province Construction-Related Employment			Out-of-Province Construction-Related Employment		
	Direct	Indirect	Total	Direct	Indirect	Total
Estimated Employment: Construction related	129	53	182	0	10	10
Estimated Employment: Consulting + other Soft Cost related	61	12	73	0	2	2
Total Employment	190	65	255	0	12	12

Note 1: Labour cost estimated at 45% of labour and material costs

Note 2: Soft cost labour estimated at 50% of soft costs

Note 3: Person-years of employment is defined as a full-time equivalent (FTE) employment position for 1 year.

Source: Sierra Planning & Management Economic Impact Model, utilizing Statistics Canada Industry Accounts Division, System of National Accounts, Input-Output Tables, 2008, Province of Ontario

While these jobs are not retained permanently and a portion may be outsourced to non-local workers, their impact is significant in the short term and may have positive impacts on longer term sustainability of local businesses and employment locally and regionally.

9.2.3 FEDERAL AND PROVINCIAL INCOME TAX IMPACTS

Estimates of income tax generated by the employment in the design and construction of the potential new velodrome facility are based on marginal tax rates in effect for 2012, and the latest available rates for non-refundable tax credits in Ontario. The total direct taxes generated for the Province is estimated to be \$574,487.

The analysis includes the estimate of Provincial and Federal taxes generated and applied to the estimated average income of each FTE position generated by the project. Average income estimates are based on Statistics Canada's Employment, Earnings and Hours report (August 2011). The estimates are highly conservative. The resulting income tax split (direct and indirect) is estimated at:

- \$1.6 million in Federal Income Tax and
- \$685,000 in Provincial Income Tax.

Exhibit 33: Combined Federal and Provincial Tax Impacts - Construction

2011 Income Tax Estimate - Construction							
	FTE	Estimated Federal Tax/FTE	Estimated Federal Tax	FTE	Estimated Provincial Tax/FTE	Estimated Provincial Tax	Total Taxes
Direct							
Construction	129	\$6,693	\$862,790	129	\$2,887	\$372,157	\$1,234,947
Consulting/Other	61	\$7,680	\$471,134	61	\$3,298	\$202,331	\$673,465
Sub-Total	190		\$1,333,924			\$574,487	\$1,908,411
Indirect							
Industry Aggregate	77	\$3,534	\$270,976	77	\$1,449	\$111,090	\$382,066
Total	267		\$1,604,900			\$685,577	\$2,290,477

Note 1: Tax estimates are reduced by the amount of basic personal allowance and non-refundable tax credits

Note 2: Industry aggregate is an aggregate estimate of employment income in all industries that supply the construction and the design/consulting firms engaged directly on the project

9.3 OPERATIONS

The operation of the velodrome represents an assumed on-going annual statement of impact – the annual impacts can be expected to vary from year to year as the operations, level of activity and overall function of the building evolve over time. The estimates contained herein are based on the existing business plan prepared for the facility.

Annual employment impact from operations is demonstrated below based on the assumption of FTE positions. A number of personnel at the facility would not be expected to hold FTE positions, but would comprise the event staff and concession operating staff, and others, that work the event days only. We have assessed the scale of employment based on the existing business plan and translated this into an estimate of direct employment at the velodrome. The result is an estimated FTE base of 18 direct jobs and an increase of 5 FTE indirect positions in-province and an additional 1 FTE indirect job out-of-province.

9.4 VISITOR SPENDING IMPACTS**9.4.1 EVENT IMPACTS**

Major events hosted at the Milton Velodrome will also generate potential economic impact. As an international standard 250-metre velodrome – currently one of only two 250-metre velodromes in North America – it has the potential to host a number of major events after the Pan Am Games. The impact from the Pan Am Games is expected to be significant, but the estimates presented here exclude the impact of one-off events such as the Pan Am Games. This analysis focuses on the annual provincial, national and international track cycling events which could be hosted at the velodrome (see Section 4.5 for a full listing of potential event hosting opportunities).

Any provincial, national or international event held at the velodrome will generate visitor spending locally on accommodation, retail and food and beverage, with the scale of impact depending on the number and provenance of participants and length of the event, among other factors.

The analysis of event impacts assumes 4 annual spectator events at 3 days per event and 4 potential provincial events at 1 day per event. In both cases, 95% sale of facility seating capacity is anticipated for a total of 2,138 spectators per event day for a total of 34,200 annual spectator days. In addition to spectators, the impacts of participants (riders and support personnel) are considered. A total of 5,220 annual participant days is assumed.

Exhibit 34: Event Impacts - Assumptions

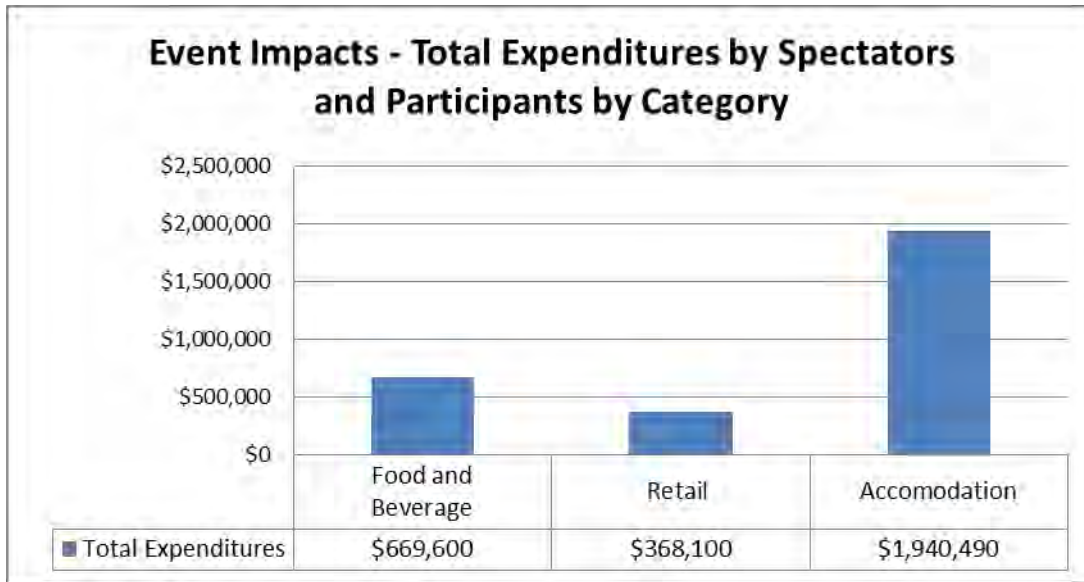
Spectator Events	Potential New Provincial Events	Total
Event Assumptions 4 events 3 days per event	Event Assumptions 4 events 1 days per event	
Spectators		
2,250 spectator capacity 95% sales 2,138 spectators per event day 6,413 spectators per event 50% Assume overnight visitors	2,250 spectator capacity 95% sales 2,138 spectators per event day 2,138 spectators per event 33% Assume overnight visitors	Total Annual Spectator Days 34,200
25,650 Annual spectator days From spectator events	8,550 Annual spectator days From potential new Provincial events	
Participants (Riders and Support Personnel)		
250 Riders per event 0.3 Support personnel per rider 325 Riders and support personnel per event 3 Days spent in the Region (average)	150 Riders per event 0.1 Support personnel per rider 165 Riders and support personnel per event 2 Days spent in the Region (average)	Total Annual Participant Days 5,220
3,900 Annual participants days From spectator events	1,320 Annual participant days From potential new Provincial events	

Note: Participation data based on information provided by OCA and CCA

The number of event spectators and participants can be expected to vary from these estimates year to year, as for example, a reduction or increase in the number of international events will have significant impacts on the number of visitors and their spending characteristics. However, compared to other sporting venues such as arenas, the uniqueness of the Velodrome as a destination and event centre will, in our opinion, yield greater economic impact on a per spectator basis, compared to larger venues such as spectator arenas and which have a higher number of event days. On a proportional, if not absolute, basis, the Velodrome will generate greater economic impact.

The chart below illustrates the total annual estimated expenditure by category of spending for spectators and participants. Assumptions of average daily spending are referenced against average visitor spending figures from the Ontario Ministry of Tourism's Regional Tourism Profile for Region 3 (Hamilton, Halton and Brant Tourism Region). Total event impacts from both spectators and participants are estimated to be \$2,978,190 annually.

Exhibit 35: Annual Event Impacts



9.4.2 STEAM MODEL REFERENCE

In addition to the development of in-house estimates of visitor and track only competition participants, the Canadian Sport Tourism Alliance (CSTA) in-house Sport Tourism Economic Assessment Model (STEAM) was used as a reference measure of impacts. The resulting estimate of direct impact (spending) in the Milton area is some \$2.6 million per year.

Total municipal tax impacts per annum as estimated by the STEAM Model to be in the order of \$300,000 of which 90% is accounted for by the Town of Milton.