

November 10, 2011

**THE CORPORATION OF THE TOWN OF CALEDON**

6311 Old Church Road  
Caledon, ON  
L7C 1J6

Attention: Doug Barnes, Chief Administrative Officer

Dear Sirs:

**RE: Caledon Equestrian Park in Support of the 2015 Pan American and Parapan American Games**

The purpose of this Letter Agreement is to set out the terms and conditions upon which the Caledon Equestrian Park will be developed as the main venue for the equestrian events (dressage and show jumping) to be held during the 2015 Pan American and Parapan American Games.

1. Background. Toronto Organizing Committee for the 2015 Pan American and Parapan American Games (“**TO2015**”) has entered into a Multi-Party Agreement dated November 5, 2009 (the “**MPA**”) pursuant to which TO2015 has accepted the mandate to organize and execute the 2015 Pan American and Parapan American Games (the “**Games**”) in the summer of 2015. The Corporation of the Town of Caledon (“**Caledon**”) has executed a Joinder Agreement dated December 8, 2009 pursuant to which Caledon has agreed to be bound by the terms and conditions of the MPA. The MPA sets out the responsibilities of the parties thereto for the Games and the legacy component of the Games (the “**Legacy**”).

2. Description of Parties. TO2015 is a not-for-profit organization that has been granted the mandate to mount the Games as set out above.

Caledon is a municipal corporation located in the Regional Municipality of Peel which leases and manages:

- (a) the lands cross-hatched in green and in solid red on Schedule A attached (the “**TRCA Lands**”) containing approximately 36.4 acres and owned or to be owned by the Toronto and Region Conservation Authority (“**TRCA**”); and
- (b) the lands cross-hatched in red on Schedule A attached containing approximately 61.6 acres (the “**EMG Lands**”) and owned by Equestrian Management Group (“**EMG**”).

The TRCA Lands and the EMG Lands together comprise the Caledon Equestrian Park (“**CEP**”) which is operated as an equestrian facility by EMG under license from Caledon.

TO2015 and Caledon are collectively referred to as “**Parties**”. CEP is referred to herein as the “**Venue**”.

3. Objectives of the Parties. The Parties have agreed that the Venue shall be the location of equestrian events (other than the cross country equine component and modern pentathlon

events) to be held during the Games and, to that end, that the Venue will be renovated and used in the manner set out herein (the “**Project**”).

4. Conduct of the Parties. In respect of the performance of their roles and responsibilities under this Letter Agreement, each Party agrees that it will (a) act in a cooperative and collaborative manner in carrying out its respective roles with respect to the Project as necessary, so as to facilitate the effective and efficient delivery of the Project; (b) throughout the Project, keep the other Party informed with respect to the status of the Project, as necessary; and (c) at all times, act in an open and transparent manner and in accordance with the best interests of the Project.

Notwithstanding the foregoing, the Parties acknowledge and agree that, if TO2015 determines that a particular course of action must be taken, or that a decision is required to be made in a certain way in order to meet TO2015's responsibility to deliver the Project in time for and in the manner required by the Games, then TO2015 may direct that a particular course of action be taken or decision be made and the other Party shall comply with such direction, to the extent reasonable, including, if considered necessary by Caledon, by amending other agreements and leases to which TO2015 may not be a party where such direction would affect such agreements.

5. Obligations of Caledon. Caledon agrees that it will perform the following obligations:

- (a) Oversee and manage the Project pre-development activities necessary to prepare the Venue for construction activities including but not limited to: (i) conducting necessary provincial and federal environmental assessments in accordance with applicable legislation; and (ii) securing and managing any necessary leases, restrictions, options agreements and land transfers as between Caledon and any other parties to ensure that the appropriate parties control the Venue and that Caledon has the requisite power and authority to enter into this Agreement and the Facility Agreement and to enforce same; (iii) any zoning or use amendments; (iv) demolition activities; (v) servicing and enabling works;
- (b) Prepare a functional program for the Venue consistent with both Games and Legacy requirements for the review and approval of TO2015;
- (c) Develop plans and necessary documents to fully illustrate the Project for review and approval of TO2015, Equine Canada (“**EC**”) and Federation Equestre Internationale (“**FEI**”);
- (d) Prepare a list of the proposed design candidates for the review, evaluation and approval of TO2015, EC, and FEI working in collaboration with the Caledon;
- (e) Provide such plans and documents to TO2015 to act as base drawings for Games overlay documentation in electronic format;
- (f) Subject to the approval of TO2015, enter into, oversee, execute and manage all design contracts and construction contracts in accordance with approved open, fair and transparent contract competition procedures, in accordance with Caledon's purchasing policy (but in any event in an a manner that is no less rigorous than the procedures used by TO2015) in a way that respects the diversity strategy of TO2015;
- (g) Employ best practices for the procurement of goods and services, project management, design and construction in order to support the efficient, effective delivery of the Project in a manner that will meet or exceed the requirements and expectations of TO2015;

- (h) Incorporate TO2015 objectives and requirements into all elements of the Project design and construction including, without limitation, requirements with respect to delivery of the Games, diversity, accessibility and sustainability;
- (i) Provide regular progress reporting to TO2015 in a form acceptable to TO2015, acting reasonably, with respect to all procurement, design, construction, financial and other Project-related matters;
- (j) Be responsible for all insurance needs of the Project and the usual activities associated with the operation of the Venue and name TO2015 as an additional insured;
- (k) Be solely responsible to TO2015 for Caledon's share of the Project Budget as set forth herein and in the MPA;
- (l) Comply with the MPA and ensure that any and all leases, licenses, agreements and restrictions entered into are also consistent with the MPA;
- (m) Seek and obtain TO2015 approvals as necessary to authorize and execute the work of the Project;
- (n) Provide access to TO2015 and its Project Manager who shall have full access and full disclosure rights during all phases of the Project;
- (n)o) Be solely responsible for any cost overruns in excess of the approved Project Budget;
- (p) Enforce all Project warranties for the benefit of the Games;
- (q) Enter into the Facility Agreement;
- (r) Complete all of the foregoing with due dispatch and within the timelines established by TO2015 to ensure that the Venue is complete and ready in advance of the Games and in any event by no later than June 1, 2014.

6. Obligations of TO2015. TO2015 agrees that it will perform the following:

- (a) Provide Games-related information on a timely basis to assist the Parties with the timely development of the Project;
- (b) Provide timely approvals, subject to rights and obligations under the MPA, when and as required to allow the timely development of the Project;
- (c) Subject to invoice approval and audit rights, contribute up to 56% of the Project Budget as set out in Paragraph 10 below;
- (d) Subject to receipt of proper information from Caledon, seek and obtain, necessary approvals from EC and FEI as required for the proper execution of the events planned for the Venue during the Games;
- (e) Provide Games overlay and operational oversight consistent with the requirements of the Games; and
- (f) Provide to the Parties for their review and reasonable comments, the Facility Agreement.
- (g) Be responsible for any supplemental insurance needs at the test events and Games events hosted at the Venue which supplemental insurance shall be in addition to insurance placed by Caledon and will name Caledon, as an additional insured.

7. Project Schedule. The Parties agree that time is of the essence for all aspects of the Project schedule and each Party shall use commercially reasonable measures to ensure that critical dates are met. To this end, the Parties acknowledge and agree that the Venue must be ready for pre-Games activities (including test events and training) by no later than June 1, 2014. Critical dates and milestones will be further defined in the Facility Agreement.

8. Project Budget. The Parties acknowledge that the actual costs of completing the Project have not yet been determined but that they are estimated to be in the upset range of \$11,712,500. Caledon, in a timely manner, will prepare for TO2015 approval a budget for the Project (the "**Budget**") which will include an appropriate contingency for cost overruns.

9. Allowable Costs. Budget allowable and excluded costs shall be defined in the Facility Agreement and shall generally be determined as follows:

- (a) Allowable costs will include:
  - (i) Hard construction costs including direct and indirect costs attributable to the construction of the Project;
  - (ii) On-site development costs as required by the site plan application process including costs related to archeological assessment, storm water management report, traffic impact study, soil stability and geotechnical report, lighting study, Federal Environmental Assessment and hydro-geological study; and
  - (iii) TO2015 soft costs including design consulting fees, TO2015 project management fees, TO2015 Project Manager review services.
  
- (b) Excluded costs will include:
  - (i) Offsite enabling works, if required;
  - (ii) Caledon administrative and other soft costs
  - (iii) Costs of remediation, if any;
  - (iv) costs to the Project that result from increases in scope which are requested and approved by Caledon including as a result of enhancements to the functional program; and
  - (v) HST.

All costs associated with environmental assessment and remediation of the Project shall be the sole responsibility of Caledon. However, TO2015 agrees that the initial costs associated with an environmental assessment consultation shall be included in the Budget. Remediation costs arising from prior use of the Venue shall be paid by Caledon. Soft costs of Caledon, including the costs associated with pre-development studies, shall not be included in the Budget and shall be for the sole account of Caledon.

10. Project Funding.

- (a) Subject to the provisions of paragraph (b) below, Caledon shall be responsible for the payment of all capital costs associated with the Budget plus HST.
- (b) In accordance with the MPA, TO2015 (on behalf of the Federal Government) will contribute 56% towards the total costs associated with the Budget (excluding HST) to a maximum of \$6,559,000.
- (c) TO2015 will not contribute to excluded costs.
- (d) Caledon will be responsible for all HST payable in connection with the Budget.
- (e) Hard costs and soft costs will be invoiced by Caledon to TO2015 on a quarterly basis.
- (f) TO2015 will reimburse Caledon for allowable invoiced hard and soft costs required as a result of any audit conducted by Caledon. Such reimbursement may take the form of an adjustment to future invoices and will be capped at the

lesser of 5% of the Budget and \$5,000,000.

- (g) The Budget and all invoices issued thereunder shall be subject to audit rights by TO2015.

11. Budget management.

The Parties agree that:

- (a) it is the obligation of each and every Party to ensure that the expenditures will not exceed the amounts estimated and shown in the Budget;
- (b) each Party will monitor its expenditures diligently and will provide timely notice to the other Party of any potential over-runs;
- (c) each Party will ensure that appropriate contingencies are incorporated into the Budget so as to provide funds in the event of any expenditure over-runs.

12. Signage during construction and Games. Caledon agrees that during the Games period, TO2015 reserves the right to:

- (a) Designate the name for the Venue;
- (b) Erect signage for the Venue;
- (c) Associate any trademarks or branding with the Venue;
- (d) Install any TO2015 or Games signage at the Venue.

Any of the foregoing rights may be sublicensed to any sponsor of TO2015 or the Games and Caledon will not enter into nor permit anyone else to enter into any agreement or commitment with any party that conflicts with such sponsors rights or interferes with or derogates from TO2015's rights hereunder. As of the commencement date of the Games, the Venue shall be "clean" from a signage and sponsorship perspective.

13. Disclosure under FIPPA. TO2015 may be required to disclose this Letter Agreement under the Freedom of Information and Protection of Privacy Act ("**FIPPA**") or, alternatively, may choose to make voluntary disclosure by way of posting on its website. Caledon expressly agrees to such disclosure.

14. Publicity. Any publicity or publications related to this Letter Agreement shall be at the sole discretion of TO2015. TO2015 may, in its sole discretion, acknowledge the relationship with Caledon. Caledon shall not make use of its association with TO2015 without the prior written consent of TO2015. Without limiting the generality of this paragraph, Caledon shall not, among other things, at any time, directly or indirectly, communicate with the media in relation to this Letter Agreement unless it has first obtained the express written authorization to do so by TO2015.

15. No association with Games. Nothing contained in this Letter Agreement shall be deemed to confer on Caledon the right to associate with TO2015 or the Games in any way without the consent, in writing, of TO2015. Without limiting the generality of the foregoing, Caledon shall not have the right to: advertise or promote itself as an official supplier to TO2015 or the Games; claim any official affiliation with TO2015 or the Games; use any official marks, symbols or nomenclature of TO2015 or the Games. Caledon further agrees that none of its sponsors shall have any right to associate with the Games or to supply the Games and that any association of TO2015 with Caledon or any of its sponsors shall be in the sole discretion of TO2015.

16. Facility Agreement. The Parties agree that, upon execution of this Letter Agreement, they will work toward execution of a more comprehensive facility agreement (the “**Facility Agreement**”) for the Venue that will outline, in more particularity, the obligations of the Parties with respect to construction, Project Budget, Games overlay, operation during the Games, and post-Games period consistent with the provisions herein.

Without limiting the generality of the foregoing or the other matters dealt with in this Letter Agreement, the Parties acknowledge that the Facility Agreement will address the following non-exhaustive list of items:

- The official language requirements established by the MPA;
- Financial penalties associated with the late delivery of the Project to TO2015;
- Participation of all Parties in a Venue Works Committee to monitor the Project;
- Operation and maintenance of the Venue in the period between substantial completion of the Project and Games time;
- Use of the Venue for training events in the period between substantial completion of the Project and Games time;
- Exclusive use of the Venue for test events in the period between substantial completion of the Project and Games time;
- Pre-Games inspections and planning activities
- Exclusive use of the Venue for Games overlay and Games, currently expected to be the period from June 15 to July 31, 2015, with an additional period of non-exclusive use to be determined;
- The provision of sufficient utilities and services for Games use;
- Staffing during Games time, union cooperation and volunteer participation;
- Exclusive broadcast rights during Games time;
- Security and accreditation;
- Exclusive control by TO2015 of advertising, marketing, sponsorships, retail, food and beverage, supply contracts, concessions, ticketing, furniture and equipment during Games time;
- Legacy use including access for community use and high performance sport.

17. Representations and Warranties by Caledon. Caledon covenants, represents and warrants to TO2015 that it has the exclusive right and ability to enter into this Letter Agreement and Facility Agreement with TO2015 and to perform its obligations hereunder and that such performance will not constitute a breach of any other agreement to which Caledon is a party. Caledon further covenants that it will fully enforce the provisions of this Letter Agreement and the Facility Agreement against all other parties who may have an interest in the Venue by virtue of agreements entered into with Caledon including, without limitation, TRCA and EMG.

This Letter Agreement shall remain in full force and effect until the earlier of (a) execution of the Facility Agreement; (b) completion of the Games.

If the foregoing is acceptable to you, please so indicate by signing below and returning a fully signed copy to the undersigned at TO2015.

We look forward to working with you to achieve successful Games.

Yours truly,

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

Murray Noble  
Sr. VP of Infrastructure

Agreed to and accepted this \_\_\_ day of November, 2011

**THE CORPORATION OF THE TOWN OF CALEDON**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I have authority to bind the corporation.