Markham Sports, Entertainment and Cultural Centre





DETAILS

The proposed centre will have:

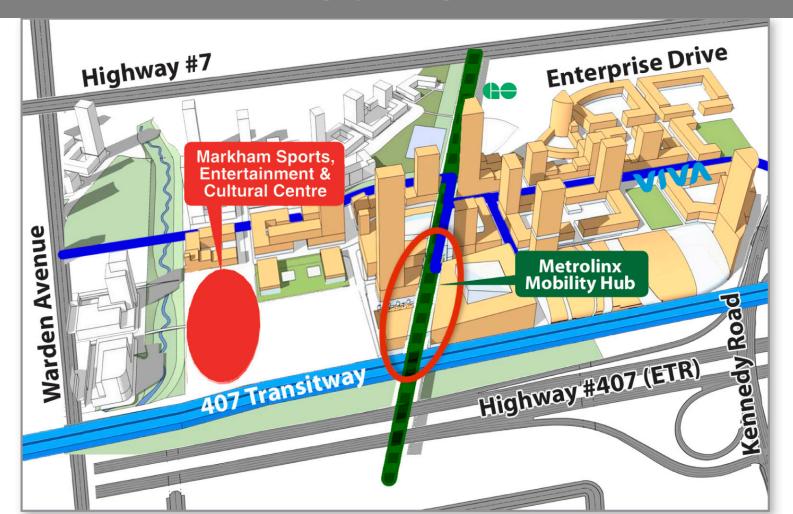
- 20,000 seats
- an NHL sized arena
- 700,000 square feet

Markham will own the Centre, on Markham-owned land

approximately 6 acres

MARKHAM SPORTS, ENTERTAINMENT & CULTURAL CENTRE

LOCATION



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REVISED FINANCIAL STRUCTURE

\$162.5M Private Sector (Canaccord Genuity & Jefferies LLC)

\$120.0M Developer Agreements

\$ 10.0M Special Development Levies Already Received

\$ 32.5M Arena Lease

=\$325.0M Construction Cost

Issue	Status
Financing	Private Sector: \$162.5m Markham: \$162.5m (capped)

- Fixed price contract estimated at \$325 million (excluding construction financing) and the Private Sector Group will be responsible for any cost overruns
- If construction cost is less than \$325 million, the savings accrue to Developer Group
- Private Sector Group will pay 50% of the cost (to be financed externally by Canaccord Genuity and Jefferies LLC)
- Markham is borrowing \$162.5 million (estimated to be at 4.6% for 20 years) to be paid by Developers' Group and arena lease

Issue	Status
Arena Revenues	Lease of \$2.6 million (indexed)

- Draft Memorandum of Understanding (MOU) incorporates an annual lease amount of \$2.6 million (indexed)
- Equates to approximately \$32.5 million of borrowing capacity over the term of the loan

Issue	Status
Developer Agreements	Special Levy eliminated going forward (\$10 million collected to date) Developer Group has agreed to fund \$120m (plus interest)

- Draft MOU with Developers' Group to fund \$120 million (plus interest) over 20 years
 - To date, the parties who have signed the MOU represent \$70 million of the \$120 million
- The Special Levy is eliminated
- After debt is repaid (approximately 20 years), lease will refund Developers' Group 25% of their contributions to the arena
- Developer Recognition will include a Developer Walk of Fame, dedicated space for developers to display projects, digital advertising within the arena



Years 0-2: City commits to borrow \$162.5m if Private Sector confirms proof of funds

City Receives:
Years 3-20:
\$2.6m/year lease (indexed)
Years 0-20:
Developers' Group Payments

Years 21-29:
Developers repaid
25% of contribution
with lease
payments

Years 30+:
City receives \$2.6m/year
lease (indexed) for
general purposes

End of Year 2: Doors open -City receives \$162.5 million from Private

Sector Group

Year 20: City pays off \$162.5m debt Year 30

Issue	Status
Municipal Capital Facility Designation	Yes (in recognition of Community Access Agreement)

City is foregoing Development Charges (estimated total = \$27.0m; Markham portion = \$1.2m) and property taxes (estimated total = \$2.4m/year; Markham portion = \$0.34m/year) in exchange for increased local economic activity and community access:

- Ice time
- The Centre will be made available to Markham for community-based groups /Community Events
- Use of upper/main concourse for walking, tai chi, etc.
- Community Meeting Rooms
- Available to be used as an Evacuation Centre
- Markham branding on interior and exterior of facility
- Office space

Issue	Status
Operating & Maintenance Costs	Private Sector responsibility - Private Sector guarantee

Private Sector Group will guarantee any operating losses

MARKHAM SPORTS, ENTERTAINMENT & CULTURAL CENTRE

REVISED FINANCIAL STRUCTURE

\$325 M \$162.5 M – Private Sector \$162.5 M – I

- Financed by Canaccord Genuity and Jefferies LLC – proof of funds before construction starts
- Responsible for construction costs over \$325 million
- Responsible for operating & maintenance costs

\$162.5 M – Private Funds

- Markham to borrow \$162.5 million to be paid by:
 - \$130 M Developers' Group
 - \$32.5 M Arena Lease

Exemption from property taxes & development charges

In exchange for

- Community Access
- Increased local economic impact

Markham Sports, Entertainment and Cultural Centre





WHAT ARE THE BENEFITS?

Benefits based on the Province's Tourism Regional Economic Impact Model

Assumes 130 annual events and 780,000 attendees.

- 600 construction jobs over two years
- 886 post-construction jobs
- \$13 million in provincial taxes
- \$61 million regional gross domestic product (GDP) annually
- Annual GDP includes \$15 million in projected retail, food, beverage and accommodation

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