Financial Arrangement

Remington provides land to City to offset parkland commitments

City Of Markham Owns 100% of Arena

Markham takes out a loan for $325 Million

GTA S&E makes half the loan repayments

City Contracts with GTA S&E to build Arena for a fixed price

GTA S&E Leases Arena from City of Markham

Remington Group provides financial backing to GTA S&E

GTA S&E contracts with BBB Architecture & PCL Construction to Build Arena for fixed price

GTA Centre contracts With Global Spectrum & Live Nation to Operate Arena

- ***How is it all tied together for full accountability?***
- ***Risks & Mitigation Plans?***
- ***Contract & Scope Management?***

Questions Residents Are Asking – Legal/Administrative

1. Is the City of Markham allowed to sole source, without a competitive procurement process, a $325 million procurement for a City owned building, to be built on City owned land? Who decides it is in “the best interests of Markham”?
2. The City will have an ongoing stake in Mr. Braty’s financial success, he will be backing GTA S&E to pay half of the Arena "mortgage“. How can the City treat any future development proposals from Mr Braty with a completely independent perspective?
3. Can Markham take on $325 million in new debt under the “Debt and Financial Obligation” limit provisions of the Ontario Municipalities Act?
4. One of the proposed revenue streams is a "voluntary" increase in development charges. Is the City of Markham allowed to request such development charges?
5. Part of the framework calls for the arena to be leased to the consortia with favourable tax conditions, specifically the arena will be designated an MFC (Municipal Finance Corporation). Can a privately leased and operated MSECC qualify as an MFC?
6. Ratepayers are being told "there is no deal as yet". However the consortia has already filed a site plan, and paid the necessary $75,000 fee. “Voluntary” DCs are being collected. Land clearing has started on the site. Given that the land and building will be publicly owned, is the Mayor and/or staff obliged to disclose any “letter of intent” or "memorandum of understanding" between the City and the consortia to ratepayers?
7. Has due notice been given to council and the public, before commitments were made to the consortia, to enable proper discussion?
8. Why are MSECC sub committee meetings held in camera?

Questions Residents Are Asking – What Mitigation Plans Are In Place To Cover The Following Risks?

1. Additional costs are identified beyond the $325 million, examples include, 407, Miller Rd., & other road and access realignments, parking facilities, construction financing?
2. GTA Sports & Entertainment go bankrupt during construction or during operation, or have funding withheld by their backers, or they incur additional costs that make their business not profitable, eg paying off the Leafs?
3. Construction costs escalate, as they typically do for such a venture, well beyond the $325 million plan?
4. GTA S&E fail to honour the fixed price deal because more money is needed?
5. Revenues fall short of expectations, preventing GTA from being able to finance their portion of the $325 million debt and/or make it very difficult to continue to fund operations and maintenance?
6. Developers balk at, or legally challenge the imposition of “voluntary” development fees or back off further development in Markham? What happens if they want their money back?
7. GTA Centre does not secure an NHL team? Live Nation does not believe events alone will cover operating costs?
8. The NHL team is not successful and/or is transferred to another location?

Lessons Learned - Similar Ventures

Toronto Rogers Centre	**Cost to taxpayers over $400 Million. Eventually sold to Rogers for $25 Million.**	http://www.cbc.ca/news/canada/story/2011/02/02/f-public-financing-sports-stadiums.html
Safeco Field – Seattle Mariners	**Cost to public of $517 Million. Team gets most revenues including naming. Kingdome torn down, King County still owes over $80m.**	http://www.fieldofschemes.com/2012/08/17/3670/can-seattle-arena-pay-its-own-way-dont-hold-your-breath/
Vikings Stadium - Minneapolis	**The state paid $300 million, Ramsey County $350 million from a county-only sales tax increase, and the Vikings contributed about $400 million.**	http://www.minnpost.com/political-agenda/2011/07/cautionary-tale-wsj-chronicles-disaster-public-financing-nfl-stadium-cincin
Giants Stadium – Meadowlands NJ	**Opened in 1976. Jets and Giants have moved to new stadium, Giants Stadium now a parking lot. Still carries about $110 million in debt.**	http://www.minnpost.com/political-agenda/2011/07/cautionary-tale-wsj-chronicles-disaster-public-financing-nfl-stadium-cincin
Cincinnati Stadium (Bengals)	**Estimate $280m, actual cost over $540m. County took out $1.0 Billion in bonds (2 stadiums). Annual operating and debt costs take over 16% of county budget…forcing cutback in other services.**	http://online.wsj.com/article/SB10001424052748704461304576216330349497852.html
Scotiabank Place (was Corel Centre) home of Ottawa Senators.	**Financed privately 1996. Plan $188m, actual $240m. Roads funded by province. Government loan, Federal grant. Developer into receivership 2003. Melnyk buys team & arena from receiver.**	http://en.wikipedia.org/wiki/Scotiabank_Place

Lessons Learned - Similar Ventures

Glendale (home of Phoenix Coyotes)	**City borrowed $180m (of $220m cost). Team bankrupt in 2009. Need to help purchase team & fund operations. Net cost to City $12.9m per year for 20 years. City paid NHL $25million arena-management fee for arena and team losses last year. The city pledged another $25million for next.**	http://www.usatoday.com/USCP/PNI/Front%20Page/2012-05-08-PNI0508met-coyotes-ownershipPNIBrd_ST_U.htm
New Wembley Stadium - London	**Cost £715m (Plan £500). Being re-financed. Public funds £161m, FA £148m, private finance to £443. Developer bankruptcy led to law suits.**	http://www.telegraph.co.uk/sport/football/international/2298323/Wembley-Stadiums-multi-million-pound-loss.html
London O2 Arena (Millenium Dome)	**Cost government £789 Million (Lottery £628m). Sold to AEG for £35 Million.**	http://www.feasibilitystudyexpert.com/Project%20Disasters.html
Proposed Hamilton Ivor Wynn replacement	**Slated to receive $75 million from federal and provincial governments & $45 million from the city.**	http://www.cbc.ca/news/canada/story/2011/02/02/f-public-financing-sports-stadiums.html
Calgary Arena – proposed	**Plans shelved for now due to lack of funding. Ipsos Reid Canada's Pulse indicates two per cent strongly agree with using taxpayer money to help fund a new arena, 85 per cent were against the idea and 59 per cent say they are strongly opposed.**	http://www.globaltvcalgary.com/poll/6442492026/story.html
Proposed Edmonton Arena	**Estimated $450 Million. Oilers pay $100m, City pays $125m (tax funded), City borrowed $125m, $100m unfunded (Fed and Prov said no). Team controls all revenues. Katz group want more!**	http://www.theglobeandmail.com/sports/hockey/edmonton-oilers-defy-city-council-over-funding-impasse-around-new-arena/article4557857/